BETTER TOGETHER

City of Denton, TX

Annual Comprehensive Financial Report

Fiscal Year Ending September 30, 2022

CITY
OF
DENTON

ToC

CORE VALUES

CITY OF DENTON

Inclusion
Creating an environment where individuals and groups are valued, respected, and supported.

Collaboration
Listening, being open-minded and forward-thinking, while working together towards a collective goal.

Quality Service
Anticipating, recognizing, and proactively addressing the needs of those we serve.

Strategic Focus
Always thinking with the future in mind.

Fiscal Responsibility
Ensuring financial sustainability through the responsible use of City resources.

CITY OF DENTON

Produced by City of Denton • 10/22 • ADA/EOE/ADEA • TDD (800) 735-2989 • www.cityofdenton.com

CITY OF DENTON, TEXAS

ANNUAL COMPREHENSIVE FINANCIAL REPORT

For the fiscal year ended September 30, 2022

CITY MANAGER

Sara Hensley

ASSISTANT CITY MANAGER /
CHIEF FINANCIAL OFFICER
Cassandra Ogden

Prepared by:

Nicholas Vincent
Interim Director of Finance

Vis Bouaphanthavong, CPA
Controller

Cody Wood
Assistant Controller

Rebecca DePuy
Assistant Controller

Ed Lane, CPA
Accounting Supervisor

Kurt Breyfogle
Senior Accountant

Catherine Bai, CPA
Senior Accountant

Toni Hauser
Accountant

Gabriela Cojanu
Accountant

Lori Allen
Accountant

Tonia Lynch
Accountant

ToC

City of Denton, Texas
Annual Comprehensive Financial Report
For Year Ended September 30, 2022

TABLE OF CONTENTS

Page

INTRODUCTORY SECTION (UNAUDITED):
- Transmittal Letter i
- Organizational Chart vii
- Certificate of Achievement viii
- List of Principal Officials ix

FINANCIAL SECTION:
- Independent Auditor's Report 1
- Management's Discussion and Analysis 5
- Basic Financial Statements:
  - Government-wide Financial Statements:
    - Exhibit I - Statement of Net Position 17
    - Exhibit II - Statement of Activities 18
  - Fund Financial Statements:
    - Governmental Fund Financial Statements:
      - Exhibit III - Balance Sheet 20
      - Exhibit IV - Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position 21
      - Exhibit V - Statement of Revenues, Expenditures and Changes in Fund Balances 22
      - Exhibit VI - Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities 23
      - Exhibit VII - Statement of Revenues, Expenditures and Changes in Fund Balance – Budget to Actual General Fund 25
    - Proprietary Fund Financial Statements:
      - Exhibit VIII - Statement of Net Position 26
      - Exhibit IX - Statement of Revenues, Expenses and Changes in Fund Net Position 30
      - Exhibit X - Statement of Cash Flows 32
  - Notes to Basic Financial Statements 34
- Required Supplementary Information:
  - Exhibit XI - Schedule of Changes in Net Pension Liability and Related Ratios – Texas Municipal Retirement System – Last Eight Fiscal Years 92
  - Exhibit XII - Schedule of Contributions – Texas Municipal Retirement System – Last Ten Fiscal Years 94
  - Exhibit XIII - Schedule of Changes in Net Pension Liability and Related Ratios – Denton Firemen's Relief and Retirement Fund – Last Eight Fiscal Years 96
  - Exhibit XIV - Schedule of Contributions – Denton Firemen's Relief and Retirement Fund – Last Ten Fiscal Years 98
  - Exhibit XV - Schedule of Changes in Total OPEB Liability and Related Ratios – Medical – Last Five Fiscal Years 99
  - Exhibit XVI - Schedule of Changes in Total OPEB Liability and Related Ratios – Texas Municipal Retirement System Supplemental Death Benefit Fund – Last Five Fiscal Years 100
- Combining and Individual Fund Financial Statements and Schedules:
  - Exhibit XVII - Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget to Actual: Debt Service Fund 101
  - Exhibit XVIII - Combining Balance Sheet – Nonmajor Governmental Funds 104
  - Exhibit XIX - Combining Statement of Revenues, Expenditures and Changes in Fund Balances Nonmajor Governmental Funds 106

City of Denton, Texas
Comprehensive Annual Comprehensive Financial Report
For Year Ended September 30, 2022

TABLE OF CONTENTS
(Continued)

Page

FINANCIAL SECTION (continued):
Combining and Individual Fund Financial Statements and Schedules (continued):
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget to Actual:
Exhibit XX - Recreation 108
Exhibit XXI - Police Confiscation 109
Exhibit XXII - Tourist and Convention 110
Exhibit XXIII - Street Improvement Fund 111
Exhibit XXIV - Gas Well Revenues Fund 112
Exhibit XXV - Citizens' Park Trust 113
Exhibit XXVI - Combining Statement of Net Position – Internal Service Funds 116
Exhibit XXVII - Combining Statement of Revenues, Expenses and Changes in Fund Net Position - Internal Service Funds 118
Exhibit XXVIII - Combining Statement of Cash Flows – Internal Service Funds 120

STATISTICAL SECTION (UNAUDITED):

Table
1 Net Position by Component 124
2 Changes in Net Position 126
3 Fund Balances of Governmental Funds 130
4 Changes in Fund Balances of Governmental Funds 132
5 Assessed Value and Estimated Actual Value of Taxable Property 134
6 Property Tax Rates (Per $100 of Assessed Value) – Direct and Overlapping Governments 136
7 Principal Property Taxpayers 138
8 Property Tax Levies and Collections 140
9 Ratio of Outstanding Debt by Type 142
10 Ratio of General Bonded Debt Outstanding 144
11 Direct and Overlapping Governmental Activities Debt 146
12 Pledged Revenue Coverage 148
13 Demographic and Economic Statistics 150
14 Principal Employers 151
15 Full-Time Equivalent City Government Employees by Function/Program 152
16 Operating Indicators by Function/Program 154
17 Capital Asset Statistics by Function/Program 156

OTHER SUPPLEMENTAL INFORMATION:
Exhibit XXIX - Schedule of Expenditures – Budget and Actual – General Fund 159

Finance Department
215 E. McKinney St., Denton, TX 76201 • (940) 349-8531

March 2, 2023

The Honorable Mayor and Members of the City Council
City of Denton
Denton, Texas

It is with great pleasure that we present to you a copy of the Annual Comprehensive Financial Report (ACFR) of the City of Denton (the City) for the fiscal year ended September 30, 2022. The purpose of the report is to provide the City Council, management, citizens, and other interested parties with detailed information concerning the City's financial condition.

THE REPORT

The Texas Local Government Code (§ 103.001) requires an annual audit for municipalities. In addition, the City Charter (Section 2.13) requires a Certified Public Accountant who, as of the end of the fiscal year, shall make an "independent audit of accounts" and prepare a report to the City Council and the City Manager. This document fulfills the above-mentioned requirements, and the independent auditor's opinion is included in the report for the fiscal year ended September 30, 2022.

The ACFR is presented in three main sections: Introductory, Financial, and Statistical. The Introductory Section includes this transmittal letter, the City's organizational chart, and a list of principal officials. The Financial Section includes the Management's Discussion and Analysis (MD&A), Basic Financial Statements, Required Supplementary Information, Combining and Individual Fund Financial Statements, along with the independent auditors' report. The Statistical Section and Other Supplementary Information include selected financial and demographic information, generally presented on a multi-year basis.

The responsibility for both the accuracy of the presented information and the completeness and fairness of the presentation of the data, including all disclosures, rests with the City, and is based upon a comprehensive framework of internal control established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance the financial statements are free of any material misstatements. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to fairly present the results of our operations in each of the various funds reported by the City. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

The accounting firm of Weaver and Tidwell, LLP. has issued an unmodified opinion on the City of Denton's financial statements for the period ended September 30, 2022. As a recipient of federal and state grant awards, a separate audit is prepared to meet the requirements of the Single Audit Act Amendments of 1996 and related Uniform Guidance. As a part of the City's single audit, tests are conducted to determine that the City has complied with applicable laws and regulations related to federal awards.

Management's Discussion and Analysis (MD&A) immediately follows the independent auditors' report and provides a narrative introduction, overview, and analysis of the basic financial statements. The MD&A complements this letter of transmittal and should be read in conjunction with it.

PROFILE OF THE GOVERNMENT

Originally incorporated on September 26, 1866, the City of Denton is now 98.818 square miles and has an estimated population of 143,573. The City is a home rule city and operates under the Council-Manager form of government. The elected seven-member council consists of a Mayor and six Council Members. The Mayor and two Council Members are elected at large, while the remaining representatives are elected from single member

districts. The City Council enacts local laws, determines policy, and adopts the annual budget, and the City Manager is the chief executive officer for the City.

The City of Denton is in the northern portion of the Dallas/Fort Worth Consolidated Metropolitan Statistical Area (CMSA). The City is a part of the Dallas/Fort Worth Metroplex and is situated at the apex of a triangle based by Dallas (37 miles to the southeast) and Fort Worth (35 miles to the southwest) providing excellent access to and from all parts of the area.

The City provides a full range of general government services to its citizens including: public safety (police and fire protection); public works (construction and maintenance of highways, streets and infrastructure); parks and recreation; library; planning and zoning; economic development; and general administrative services. The City's enterprise fund operations consist of a utility system, solid waste, and airport operations. The City's utility system provides electric, water, and wastewater services.

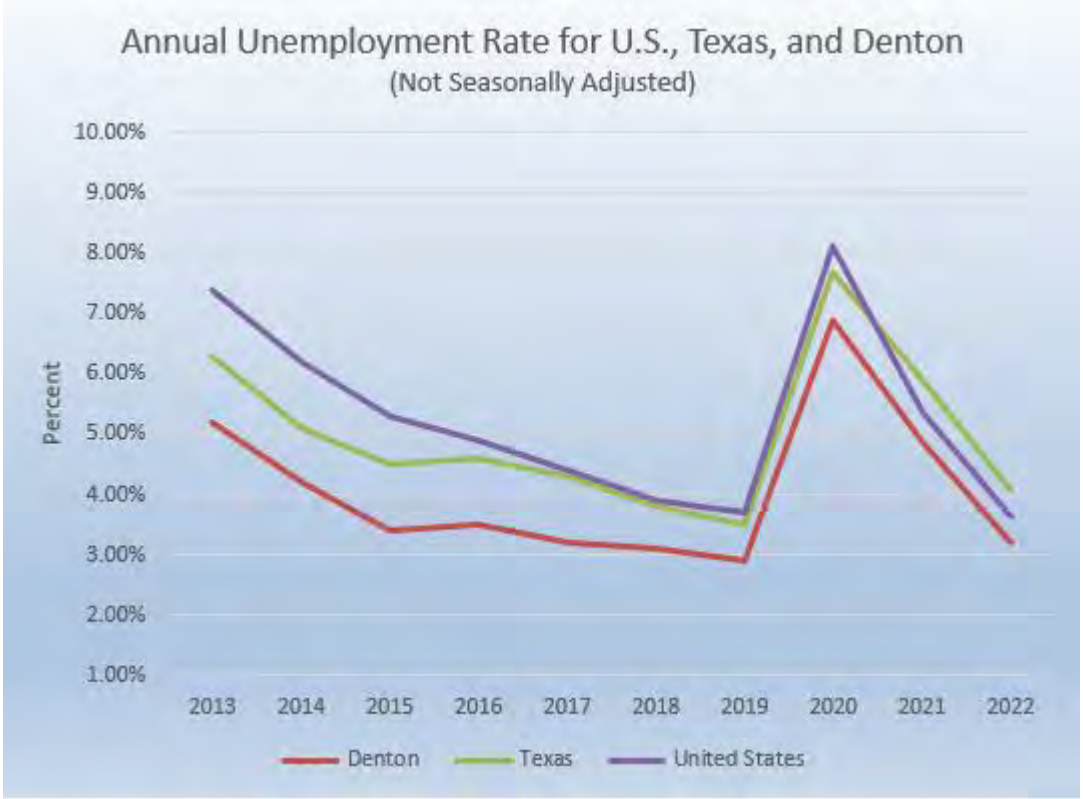
The internal service operations consist of the Materials Management, Fleet Services, Risk Retention, Health Insurance, Engineering Services, Technology Services, Customer Service, and Facilities funds. The Materials Management Fund accounts for the financing of Warehouse and Purchasing services which are provided to other City departments. The Fleet Services Fund accounts for the financing of goods and services provided by the municipal garage to other departments within the City. The Risk Retention Fund accounts for the accumulation of resources for the payment of workers' compensation, general liability claims, and insurance policies. The Health Insurance Fund accounts for administration of the self-insurance program for health coverage in the City. The Engineering Services Fund accounts for the provision of internal engineering services to various City operations and capital projects. The Technology Services Fund provides support for the various information and computer systems within the City. The Customer Service Fund accounts for the financing of customer service activities provided to the residents and businesses of the City on behalf of other departments within the City. The Facilities Management Fund is responsible for maintaining all city-owned facilities and vertical construction projects. The financial statements presented include all government activities, organizations, and functions for which the City is financially accountable as defined by the Governmental Accounting Standards Board (GASB).

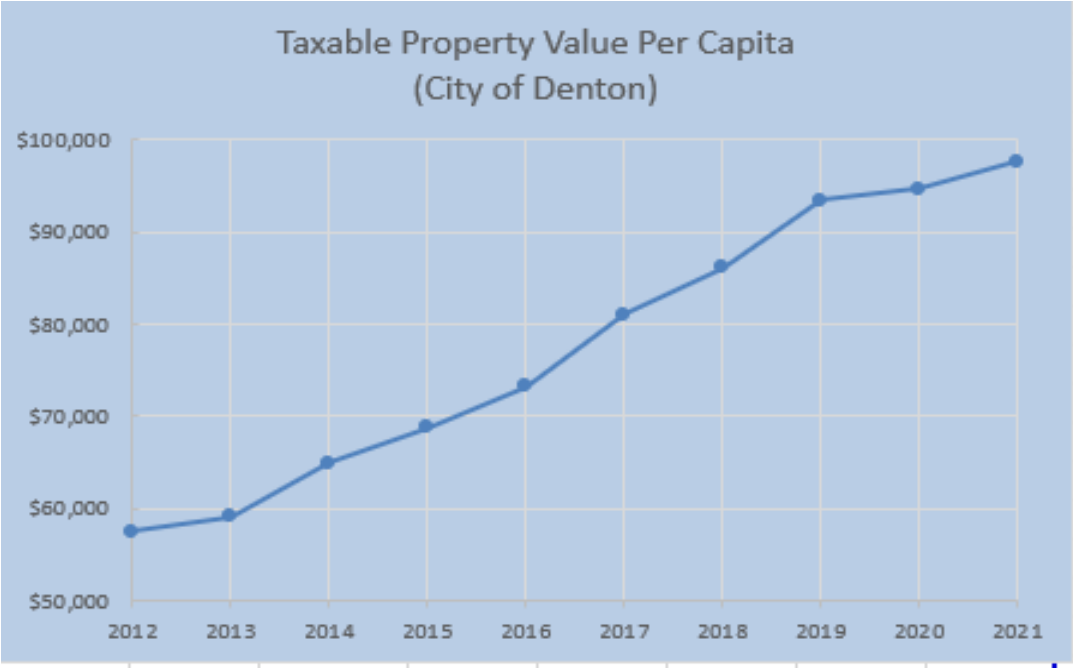
LOCAL ECONOMY

In Fiscal year 2021-22, the City continued to see an increase in development and economic activity last fiscal year, resulting in strong property tax collection, sales tax collection, license/permit revenue, and an increase in Return on Investment (ROI) revenue from city utilities. Sales tax exceeded property tax collection representing approximately 33.4% of overall revenue in the General Fund. Total sales tax revenues equaled $53,264,725 which is $7,017,787 or 15.2%, more than the budget of $46,246,938. From a budgetary basis, the General Fund received $159.5 million in revenue and incurred $152.6 in expenses resulting in a change in fund balance of $6.9 million.

The City of Denton's net seasonally adjusted annual unemployment average rate remains below state and national levels at an average 3.2 percent in 2022 which has decreased compared to 4.9 percent average in FY2020-2021. Excluding City building, County buildings, schools, and churches, the City of Denton issued 2,167 residential and commercial building permits for FY2021-22, with an estimated value of $1,332 million. This compares to a total of 2,352 commercial and residential permits issued for FY2020-21 and an estimated value of $730 million. The overall permit numbers were down due to decrease in additions/alterations.

The following two charts highlight the strength of the local economy over the last ten years by displaying the City of Denton's unemployment rate compared to Texas and the United States and the taxable property values per capita in the City of Denton.


Annual Unemployment Rate for U.S., Texas, and Denton
(Not Seasonally Adjusted)
10.00%
9.00%
8.00%
7.00%
6.00%
5.00%
4.00%
3.00%
2.00%
1.00%
Percent
2013
2014
2015
2016
2017
2018
2019
2020
2021
2022
Denton
Texas
United States


Taxable Property Value Per Capita
(City of Denton)
$100,000
$90,000
$80,000
$70,000
$60,000
$50,000
2012
2013
2014
2015
2016
2017
2018
2019
2020
2021

Fiscal year 2021-22 the City continued to see indicators of a strong economy that adjusted to and remained stable throughout the pandemic. Listed below are just a few of the highlights:

- The Rayzor Ranch mixed-use development is located on both the north and south sides of US Highway 380 in Denton. Rayzor Ranch Marketplace, on the north side of the development, has constructed over 500,000 square feet of retail and commercial space. Sam's Club and Wal-Mart anchor the development that includes Ulta Beauty, Starwood Cafe and Hanasato Sushi, as recent tenant additions. The Town Center also includes the Embassy Suites Hotel and Convention Center described in more detail below. In addition, a new 300-unit multifamily project, the Village at Rayzor Ranch, opened in late 2019, and construction began in 2020 and opened in 2021, on the Residences at Rayzor Ranch, a 40-acre site that will include 215 town homes and 65 single family homes and 31 single-family homes. They began leasing three- and four-bedroom town homes this past summer. Cava is a new restaurant tenant at the Town Center.
- O'Reilly Hotel Partners Denton (OHPD) opened the 70,000-square-foot Convention Center, 318-room LEED Gold Certified Embassy Suites Hotel and Houlihan's restaurant project in January 2018. The property was designated as a "2019 AAA Inspector's Best of Housekeeping Hotel," which ranks the hotel in the top 25% of 27,000 inspected hotels. In 2019, Hilton Worldwide recognized the Embassy Suites Denton Hotel and Convention Center as the #1 in Brand 2019 Connie Award winner, the highest distinction across all 17 Hilton Worldwide brands and the 258 eligible properties. As a major anchor for the Rayzor Ranch Town Center, the project capitalizes on the shopping, entertainment, and restaurants located nearby. The privately managed convention center is also expected to expand the City's convention business and overall tourism industry.
- Denton continued to see growth in the tech industry in FY 2021-22. Denton's coworking space and entrepreneur center, Stoke Denton, continues to serve as a training and mentorship hub throughout the pandemic. Stoke and Texas Woman's University (TWU) Center for Women Entrepreneurs (CWE) launched an incubator program, Accelerate HER. They accepted 8 entrepreneurs into the third round of the program who will participate in 5 months of workshops, mentorship and coaching to help support and grow their businesses. Stoke hosted a Startup Crawl, Big Ideas and the first ever Denton Pitch Competition where they awarded three Denton based businesses with cash prizes. Several projects, which will total over 3 million square feet, are currently underway in the Westpark Tax Increment Reinvestment Zone (TIRZ) and industrial area.
  - Ironwood Realty Partners and Scannell Properties have partnered on an industrial project, Denton Crossing @ I-35, which will house approximately 1.2 million square feet of industrial speculative space along Western Boulevard. There will be a total of four buildings upon completion. Buildings 1 and 2 are underway with just under 700,000 square feet. Building 2 should be complete by the end of the fiscal year. Building 3 is currently under construction and will comprise up to 398,000. Building 4 has been constructed and has 127,000 square feet of warehouse space. Elite Materials Logistics plans to occupy a building in phase 2 of the development.
  - Cowboy Distribution is in the planning stages for a warehouse/distribution center facility on 10 acres north of Jim Christal Road and east of N. Western Boulevard.
  - Exeter has completed a building comprising 649,000 square feet, where W. Oak Street and Jim Christal meet, that will be the newest distribution center for Lowe's Home Improvement. Exeter is also constructing three buildings at the northeast corner of Western Blvd. and Jim Christal. The square footage of these buildings are 324,000 square feet, 421,000 square feet, and 1,076,000 square feet.
  - Hunt Southwest is developing 23-acre site on S. Western Boulevard at Jim Christal Road at the I-35 Convergence. It is planned to have 250,000 square feet of warehouse space with a proposed build-to-suit on seven of the acres, for a 227,420 square foot building.
  - Westpark Industrial, a 16-acre parcel, will include two speculative buildings at just over 100,000 square feet each.
  - Denton Point is comprised of two buildings totaling 242,320 square feet. Building 2 is a 130,000 SF facility located along Western Boulevard. Denton Point is a rail-served development for manufacturing and supply chain uses.

- In the planning stages is Westpark Industrial. A 16-acre parcel on S. Western Boulevard, south of the Tyson plat, that will be divided into two sites that will each have speculative buildings at just over 100,000 square feet each.

LONG-TERM FINANCIAL PLANNING

In conjunction with this document, interested parties are encouraged to read the City of Denton's FY 2022-23 Annual Budget document. This document details the City's strategic plan, long-term financial policies, program accomplishments, and other key initiatives. The document also includes the long-term financial forecasts for each of the major funds, and a summary of the assumptions that are included in these plans. In addition, the budget document provides an overview of the adopted Capital Improvement Program and planned future debt issuances. The Annual Budget can be accessed through the City's web site at www.cityofdenton.com and selecting Financial Transparency under the "Open Government" link.

RELEVANT FINANCIAL POLICIES

The City of Denton maintains reserve balances for emergencies. In the General Fund, the target reserve level is a minimum of 20% of budgeted expenditures with an additional 5% resiliency reserve for a combined total of 25% to provide stability and flexibility for the organization. As described in the accompanying ACFR document, the unassigned fund balance is $45.5 million, or 29.7%, of the budgeted General Fund expenditures for the fiscal year ended September 30, 2022.

In FY 2020-21, the City adopted a policy that requires a minimum ending working capital balance (current assets minus current liabilities) of at least 8% of budgeted expenditures for the Electric, Water, Wastewater, and Solid Waste Funds. If the working capital level should fall below the desired minimum, the City will implement necessary corrective action with a five-year plan to restore the working capital balance to 8% of budgeted expenditures.

Additionally, rate reserve levels were established for the Electric, Water, Wastewater, and Solid Waste Funds in FY 2020-21 according to the unique operational aspects of each utility. The rate reserve levels were most recently revised in FY 2020-21 based on the factors of revenue stability, expense and demand volatility, infrastructure age, debt levels, and management plans for the use of these reserves. The rate reserve level is established at a range of 38% to 61% of expenses for the Electric Fund, at a range of 20% to 31% of expenses for the Wastewater Fund, at a range of 25% to 42% of expenses for the Water Fund, and at a range of 6% to 10% of expenses for the Solid Waste Fund. If the rate reserve level falls below the range, the City will implement necessary corrective action within a five-year plan to restore the balances to the levels outlined above.

The City of Denton has adopted an Investment Policy which guides the investment of all City funds. In accordance with State law, the policy is reviewed annually by the City Council to ensure that public funds are being invested in a conservative and prudent fashion. In addition, the City also annually reviews and approves a Debt Management policy. The purpose of this policy is to provide general guidelines regarding the issuance of City debt and the use and limitation of such debt. The City complied with all aspects of the Investment and Debt Management policies during FY 2021-22.

MAJOR INITIATIVES

The City's Strategic Plan and Council specifically identified improving facility infrastructure as a major goal. In response to this goal, the FY 2022-23 Budget includes additional issuance of General Obligation Bonds. This increase in funding shows the City's continued commitment to facility infrastructure and equipment funding.

The combination of increased operating funding along with the issuance of debt shows a strong commitment to improving our infrastructure. In the future, the City staff will continue efforts to identify additional funding for facility infrastructure and equipment funding activities along with potential future debt issuances for street reconstruction to continue to improve the condition of the City's streets over the long term.

AWARDS AND ACKOWLEDGEMENTS

The Government Finance Officers' Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its Annual Comprehensive Financial Report for the fiscal year ended

September 30, 2021, for the thirty-sixth consecutive year. To be awarded the Certificate of Achievement in Financial Reporting, the City must publish an easily readable and efficiently organized Annual Comprehensive Financial Report. This report satisfies both generally accepted accounting principles and applicable legal requirements. The Certificate of Achievement is held for a period of one year only. We believe our current Annual Comprehensive Financial Report continues to meet the Certificate of Achievement requirements, and we are submitting it to GFOA to determine its eligibility for another certificate.

The City also received the GFOA award for Distinguished Budget Presentation for its fiscal year 2021-22 Annual Budget for the thirty-fifth consecutive year. To qualify for the Distinguished Budget Presentation Award, the City's budget document was judged according to its compliance with specific guidelines established by GFOA. These guidelines help ensure that Denton's budget is distinguished as an operations guide, financial plan, policy document, and communications device. The City has submitted its fiscal year 2022-23 Annual Budget to GFOA to determine its eligibility for another certificate. We believe it continues to meet the Distinguished Budget Presentation Award criteria.

The City received a Certificate of Distinction from the Government Treasurers of Texas (GTOT). The distinction was received for developing an investment policy that meets the requirements of the Public Funds Investment Act and the standards for prudent public investing as established by the GTOT. The GTOT awards an estimated 35 distinctions annually, which the City has received seven times since 1999.

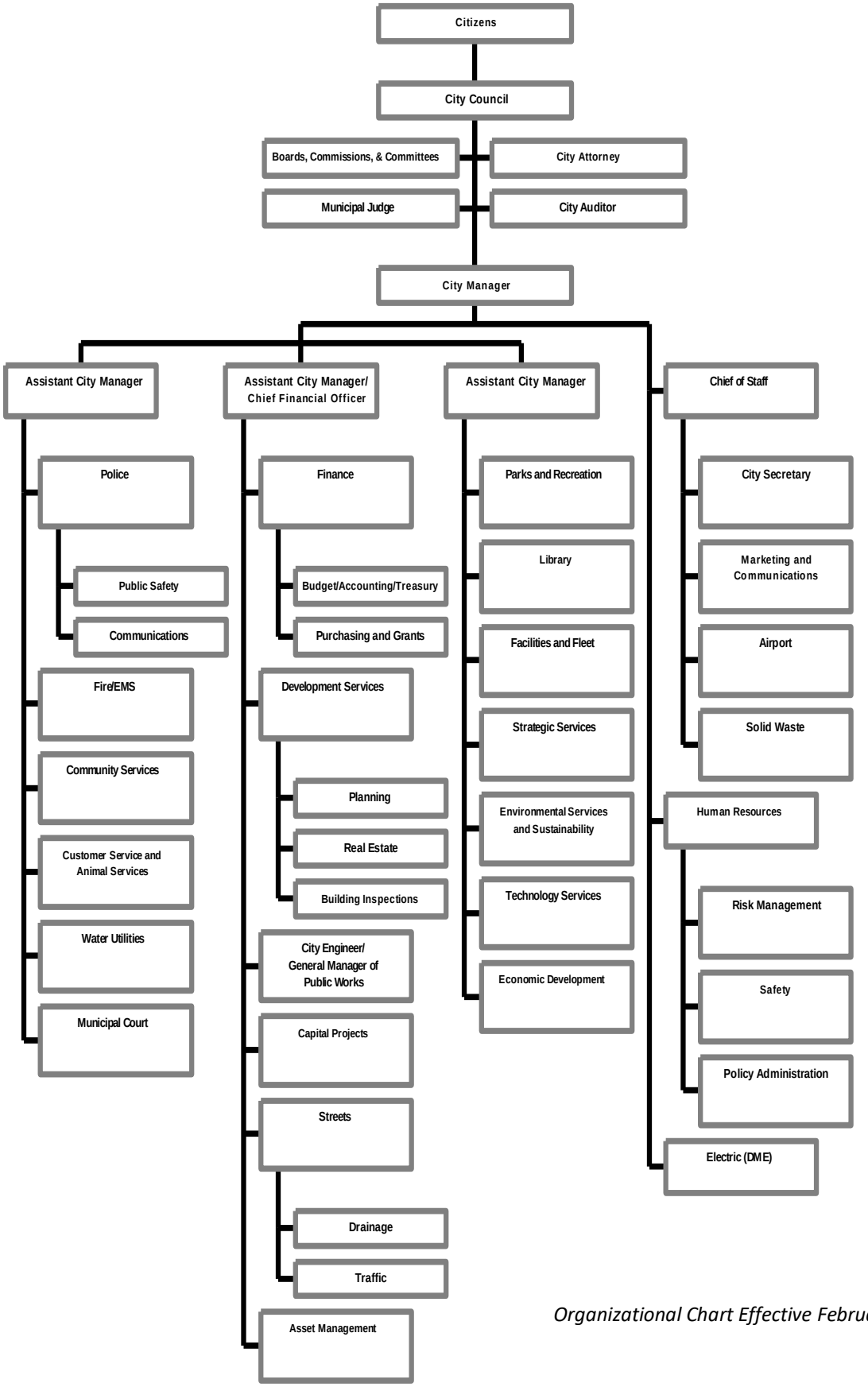
The City of Denton received the Five Transparency Stars from the Texas Comptroller, which recognizes cities, counties, special purpose districts and school districts to provide easy online access to important financial data. The City of Denton is only one of 14 cities in Texas to receive all five transparency stars. Transparency Stars are granted and maintained on an ongoing basis.

We would like to thank the City Council for their strong leadership and support that helped make the presentation of this report possible. We would also like to thank the City Manager, Finance staff, department directors, division heads and especially the Accounting Division staff for their diligent efforts in the preparation of the annual financial report.

Cassandra Ogden
Assistant City Manager/Chief Financial Officer

Nicholas Vincent
Interim Director of Finance

ORGANIZATIONAL CHART



Organizational Chart Effective February 21, 2023

ToC

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Denton
Texas

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

September 30, 2021

Executive Director/CEO

CITY OF DENTON, TEXAS

List of Principal Officials

ELECTED OFFICIALS

Title	Name
Mayor	Gerard Hudspeth
Councilmember, District 1	Vicki Byrd
Mayor Pro Tem, District 2	Brian Beck
Councilmember, District 3	Jesse Davis
Councilmember, District 4	Vacant
Councilmember, At-Large Place 5	Brandon McGee
Councilmember, At-Large Place 6	Chris Watts

CITY OFFICIALS

Title	Name
City Manager	Sara Hensley
Assistant City Manager, CFO	Cassandra Ogden
Assistant City Manager	Frank Dixon
Assistant City Manager	Christine Taylor
City Attorney	Mack Reinwand
Municipal Judge	C. Tyler Atkinson
City Auditor	Madison Rorschach
City Secretary	Rosa Rios

CITY
OF
DENTON

weaver
Assurance • Tax • Advisory

Independent Auditor's Report

To the Honorable Mayor
And Members of the City Council of the
City of Denton, Texas

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Denton, Texas (the City), as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of September 30, 2022, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter

As discussed in Note I(G), beginning fund balance of the capital projects fund and net position of governmental activities have been restated. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

The City's management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

To the Honorable Mayor
And Members of the City Council of the
City of Denton, Texas

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control–related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and pension and OPEB information be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

To the Honorable Mayor
And Members of the City Council of the
City of Denton, Texas

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining and individual fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us and other auditors. In our opinion, the combining and individual fund financial statements and schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the Annual Comprehensive Financial Report (ACFR). The other information comprises the introductory section and statistical section but does not include the financial statements and our auditor's report thereon. Our opinions on the financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

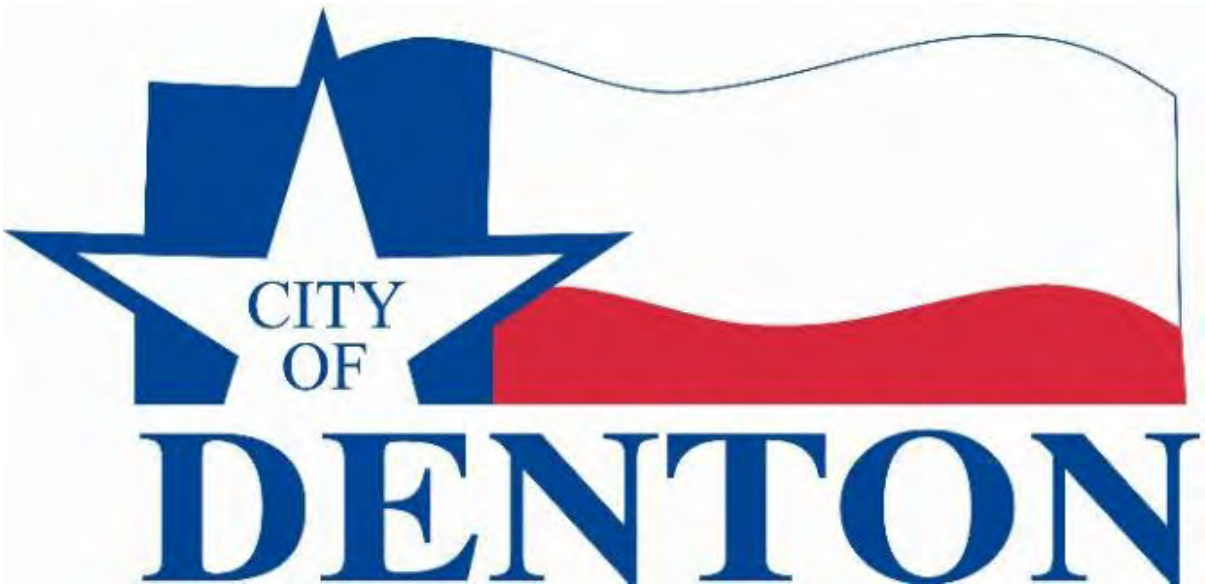
Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 2, 2023, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Weaver and Tidwell, L.L.P.

WEAVER AND TIDWELL, L.L.P.

Dallas, Texas
March 2, 2023


CITY
OF
DENTON

CITY OF DENTON, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2022

Introduction

The Management's Discussion and Analysis is designed to (a) assist the reader in focusing on significant financial issues, (b) provide an overview of the City's financial activity, (c) identify changes in the City's financial position (its ability to address the next and subsequent years' challenges), (d) identify any material deviations from the financial plan (the approved budget), and (e) identify individual fund issues or concerns.

This narrative should be read in conjunction with the transmittal letter at the beginning of the report and the financial statements following this section.

Financial Highlights

- The assets and deferred outflows of the City exceeded its liabilities and deferred inflows at the close of the fiscal year ended September 30, 2022 by $1,473,006,551 (net position), an increase of 15.5 percent from prior year net position. Of this amount, $221,800,404 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.
- Net Pension Liability of the City is $42,110,536, a decrease from prior year liability of $76,711,193. Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions,* requires the City to report its net pension liability for participation in Texas Municipal Retirement System (TMRS) of the total Net Pensions Liability reported by the TMRS. As a result of recording the decrease in the City's portion of net pension liability $34,600,657, an increase in deferred pension inflows $28,056,259, and an increase in deferred pension outflows $8,884,224.
- Governmental activities revenue was $185,360,068 as compared to $167,148,286 for the year ended September 30, 2021. The increase of $18,211,782 is primarily driven by an increase in sales tax revenues, property tax, and franchise fees. Business-type activity revenues were negative $3,268,523 compared to negative $1,598,840 for the year ended September 30, 2021. The decrease of $1,669,683 is primarily driven by a decrease in investment revenue due to low market interest rates and transfer.
- Governmental funds reported combined ending fund balances of $238,061,167 as of September 30, 2022 which is an increase of $9,976,730 from fiscal year 2020-2021 ending fund balance total of $228,084,437.
- The City's primary General Fund resources are property taxes, sales tax, and franchise fees. These combined resources account for 92.23 percent of total General Fund revenues which increased 9.8 percent compared to last year's results.
- The City's long-term liabilities outstanding increased by $65,966,712 in fiscal year 2021-2022. The increase is primarily attributable to an increase of $99,194,903 of Certificates of Obligation and General Obligations Bonds Payable and Revenue Bonds Payable.

OVERVIEW OF THE FINANCIAL STATEMENTS

The Management's Discussion and Analysis is intended to serve as an introduction to the City of Denton's basic financial statements. The City's basic financial statements are comprised of three components: (1) government-wide financial statements, (2) fund financial statements and (3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide Financial Statements. The government-wide financial statements are designed to provide readers with a broad overview of the City's finances in a manner similar to a private-sector business.

The statement of net position presents information on all of the City's assets, liabilities, deferred inflows, and deferred outflows with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The statement of activities presents information showing how the City's net position changed during the most recent fiscal year. All of the current year's revenues and expenses are considered regardless of when cash is

received or paid. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but not used vacation leave). Both the statement of net position and the statement of activities are prepared using the accrual basis of accounting as opposed to the modified accrual basis.

In the Statement of Net Position and the Statement of Activities, the City is divided between two kinds of activities:

- **Governmental activities**. Most of the City's basic services are reported here, including police, fire, libraries, development, public services and operations, public works, building inspection, technology services and general administration. Property taxes, sales taxes, and franchise fees finance most of these activities.
- **Business-type activities**. The City charges a fee to customers to cover the cost of services it provides. The City's utility systems (electric, water and wastewater), solid waste, and airport activities are reported here.

Fund Financial Statements. A fund is a grouping of related accounts used to maintain control over resources that have been segregated for specific activities or objectives. Fund financial statements provide detailed information about the most significant funds, not the City as a whole. Some funds are required to be established by state law or bond covenants. However, the City Council establishes many other funds to help control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants and other monies. The following illustration summarizes the major features the City's financial statements. The City of Denton's funds are categorized as governmental, proprietary funds or fiduciary funds.

- **Governmental funds**. The majority of the City's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method identified as the modified accrual basis of accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. By comparing information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements, readers may better understand the long-term impact of the government's near-term financing decisions. The relationship or differences between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds are detailed in a reconciliation following the fund financial statements.

  The City of Denton maintains thirteen governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures and changes in fund balances for the general fund, debt service fund and capital projects fund, all of which are considered to be major funds. Data from the other nine governmental funds are combined into a single, aggregated presentation. Individual fund data for eight of these non-major governmental funds, along with an aggregate of all other governmental funds, is provided in the form of combining statements elsewhere in this report.

- **Proprietary funds**. The City charges customers for certain services it provides, whether to outside customers or to other units within the City. These services are generally reported in proprietary funds. Proprietary funds are reported in the same manner that all activities are reported in the Statement of Net Position and the Statement of Activities. The City's enterprise funds are similar to the business-type activities that are reported in the government-wide statements but provide more detail and additional information, such as cash flows. The City's internal service funds are used to accumulate and allocate costs internally among the City of Denton's various functions. Both enterprise funds and internal service funds are components of proprietary funds.

  The City of Denton maintains five enterprise funds. The City uses enterprise funds to account for its electric, water, wastewater, solid waste, and airport operations. The individual funds provide the same type of

information as the government-wide financial statements only in more detail. The City considers all enterprise funds to be major funds.

The City of Denton maintains eight internal service funds. The City uses internal service funds to account for materials management, fleet services, health insurance, risk retention, technology services, engineering services, customer service, and facilities management. Because these services benefit both governmental and business-type functions, they have been included in both the governmental and business-type activities in the government-wide financial statements. Individual fund data for the internal service funds are provided in the form of combining statements in the combining and individual fund statements and schedules section of this report.

Notes to the financial statements.
The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other Information.
The combining nonmajor fund statements and individual fund schedules are presented immediately following the notes to the financial statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As of September 30, 2022, the City's combined net position was $1,473,006,551 of which $407,093,261 can be attributed to governmental activities and $1,065,913,290 attributed to business-type activities. This analysis focuses on the net position (Table 1) and changes in net position (Table 2) of the City's governmental and business-type activities.

The largest portion of the City's net position (77.5%) reflects its investment in capital assets (e.g., land, building, machinery and equipment), less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Table 1
Net Position
(in thousands)

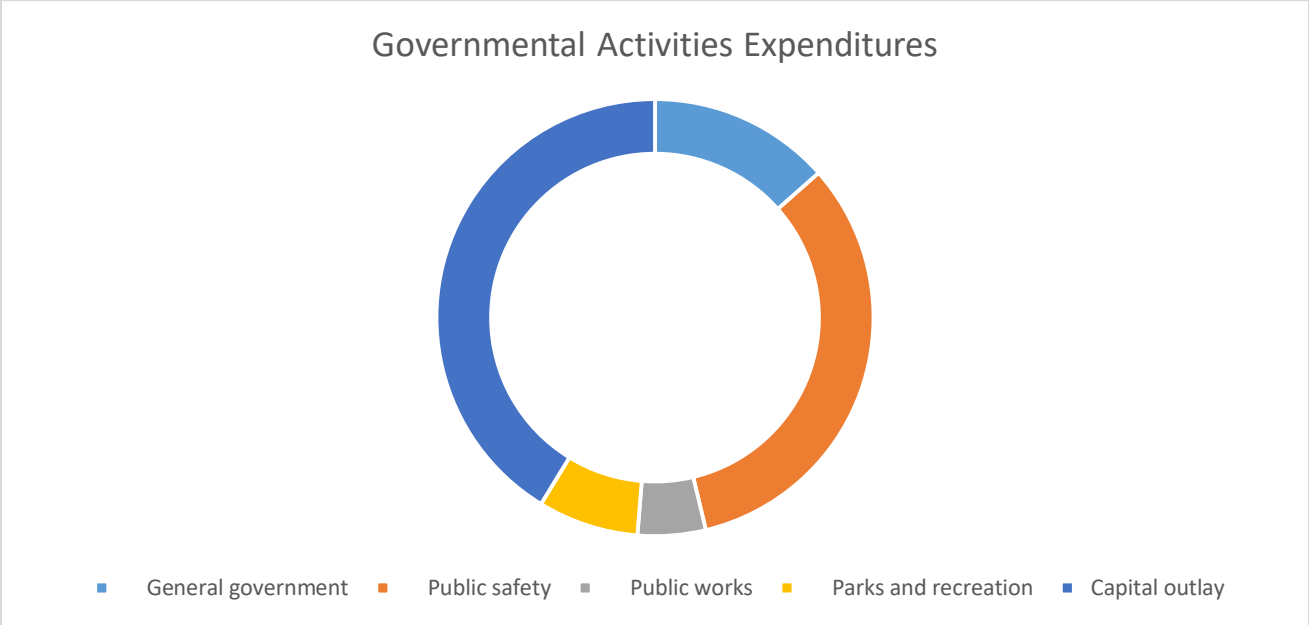
	Governmental Activities		Business-type Activities		Total	
	2022	2021	2022	2021	2022	2021
Current and other assets	$ 362,233	$ 334,301	$ 709,978	$ 615,250	$ 1,072,211	$ 949,551
Capital assets, net of accumulated depreciation	624,510	517,006	1,441,274	1,365,841	2,065,784	1,882,847
Total assets	986,743	851,307	2,151,252	1,981,091	3,137,995	2,832,398
Deferred outflows of resources	33,111	26,713	11,800	10,504	44,911	37,217
Long-term liabilities outstanding	465,067	438,974	1,048,553	1,008,680	1,513,620	1,447,654
Other liabilities	104,658	91,222	32,694	29,651	137,352	120,873
Total liabilities	569,725	530,196	1,081,247	1,038,331	1,650,972	1,568,527
Deferred inflows of resources	43,036	19,131	15,892	6,179	58,928	25,310
Net position:						
Net investment in capital assets	368,485	324,399	773,134	716,243	1,141,619	1,040,642
Restricted	35,793	31,847	73,714	47,267	109,507	79,114
Unrestricted	2,815	(27,553)	219,065	183,575	221,880	156,022
Total net position	$ 407,093	$ 328,693	$ 1,065,913	$ 947,085	$ 1,473,006	$ 1,275,778

Governmental activities increased the City's net position by $78,399,963. Business-type activities increased the City's net position by $118,828,220. The key elements of these increases are contained in Table 2.

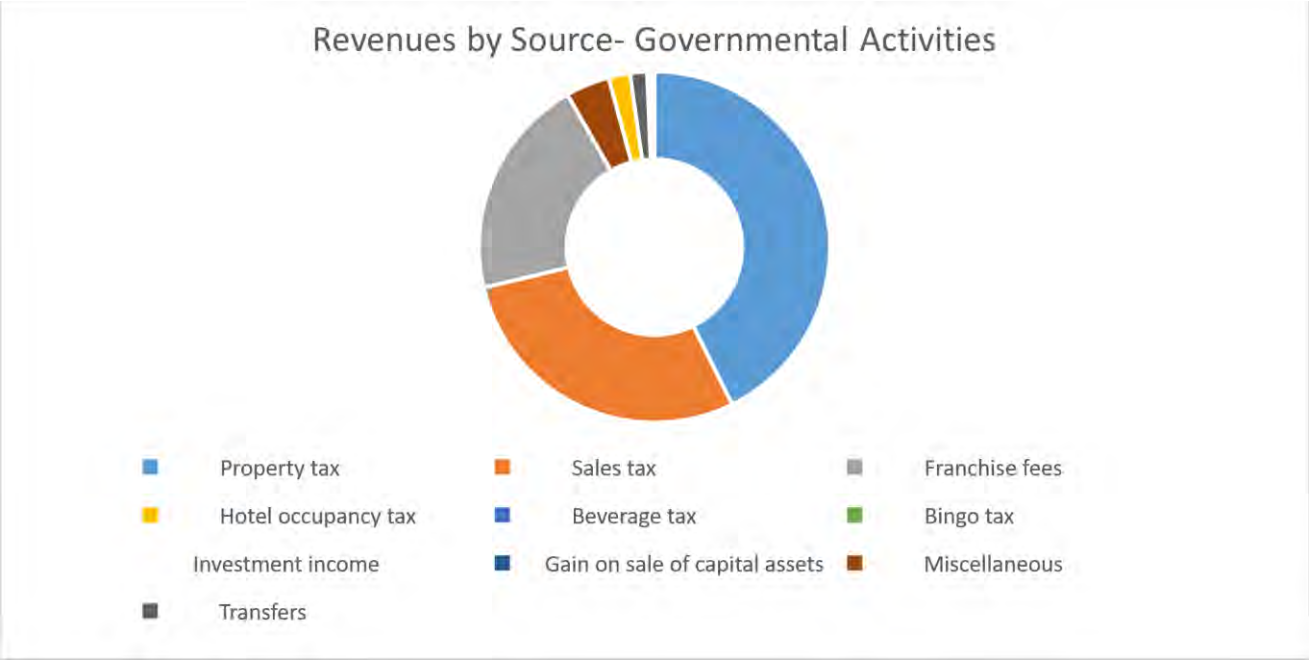
Table 2
Changes in Net Position
(in thousands)

	Governmental Activities		Business-type Activities		Total	
	2022	2021	2022	2021	2022	2021
Revenues:						
Program Revenues:						
Charges for services	$ 25,204	$ 18,752	$ 449,116	$ 470,926	$ 474,320	$ 489,678
Operating grants and contributions	9,545	8,607	-	-	9,545	8,607
Capital grants and contributions	34,407	23,946	52,663	18,283	87,070	42,229
General Revenues:						
Property tax	79,553	78,244	-	-	79,553	78,244
Sales tax	53,265	45,405	-	-	53,265	45,405
Franchise tax	38,132	32,047	-	-	38,132	32,047
Hotel occupancy tax	3,684	3,075	-	-	3,684	3,075
Beverage tax	671	511	-	-	671	511
Bingo tax	15	15	-	-	15	15
Investment income (loss)	(973)	326	(647)	264	(1,620)	590
Miscellaneous	8,099	5,550	292	112	8,391	5,662
Total revenues	251,602	216,478	501,424	489,585	753,026	706,063
Expenses:						
General government	40,370	37,403	-	-	40,370	37,403
Public safety	87,971	82,678	-	-	87,971	82,678
Public works	25,489	24,800	-	-	25,489	24,800
Parks and recreation	22,787	19,295	-	-	22,787	19,295
Interest on long-term debt	8,572	7,380	-	-	8,572	7,380
Electric	-	-	270,422	307,772	270,422	307,772
Water	-	-	35,892	28,429	35,892	28,429
Wastewater	-	-	36,814	32,248	36,814	32,248
Solid waste	-	-	34,117	32,735	34,117	32,735
Airport	-	-	2,437	1,674	2,437	1,674
Total expenses	185,189	171,556	379,682	402,858	564,871	574,414
Increase in net position before transfers	66,413	44,922	121,742	86,727	188,155	131,649
Transfers	2,914	1,975	(2,914)	(1,975)	-	-
Increase in net position	69,327	46,897	118,828	84,752	188,155	131,649
Net position at beginning of year	328,693	281,796	947,085	862,333	1,275,778	1,144,129
Prior period adjustment	9,073	-	-	-	9,073	-
Net position at beginning of year	337,766	281,796	947,085	862,333	1,284,851	1,144,129
Net position at end of year	$ 407,093	$ 328,693	$ 1,065,913	$ 947,085	$ 1,473,006	$ 1,275,778

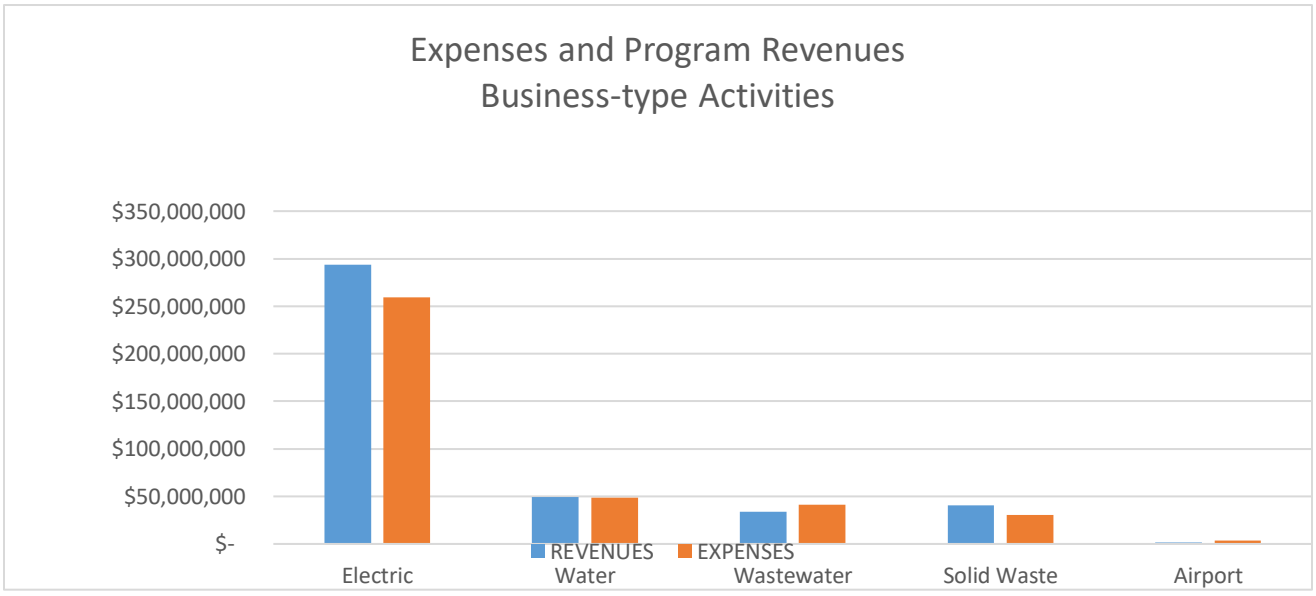
Governmental activities. Expenses for governmental activities reflect an increase of $13.6 million over the prior year. Increases includes $3.0 million in General Government, $5.3 million for Public Safety, $0.7 million in Public Works, and $3.5 million for Parks and Recreation. The most significant governmental activities expense was in providing public safety, which incurred expenses of $87,970,791. The largest expense for public safety is the cost of personnel, which totaled $73,658,269. Last year the City added 10.0 new positions in public safety including 7.0 in the police department.



These expenses were funded by revenues collected from a variety of sources, with the largest being from property taxes, which are $79,552,638 for the fiscal year ended September 30, 2022. Governmental activities program revenues increased $17.9 million over the prior year. Charges for Services increased $6.5 million from general government and parks and recreation as pandemic restrictions eased. Capital grants and contributions increased $10.5 million from contributed asset revenues and American Rescue Plan Act (ARPA) funding for public works transportation and general government projects were completed. Operating grants and contributions increased $1.0 million from funding for general government and parks and recreation. Governmental activities general revenues included an increase of $1.3 million for property tax due to rising values and new construction. Sales tax increases of $7.9 million were offset by declines in investment income of $1.3 million. Transfers reflect a net $2.9 million transfer in for governmental activities for the current year.



Business-type activities. Business-type activities increased the City's net position by $118,828,220. This accounts for 60.25% of the growth in the entity-wide net position. All Utility service revenues decreased by a total of $35.9 million. Electric charges for services decreased by $51.5 million mainly due to a decrease in Denton Energy Center revenues. There was a rate decrease for the average residential water customer due to a new rate structure No rate adjustments for electric wastewater, and solid waste customers. Water charges for services increased by $10.0 million as compared to the service charges from prior year. Wastewater charges increased $2.6 million compared to the prior year. Solid Waste charges for service provided an increase of $2.9 million compared to the prior year. Airport charges for goods and services were unchanged from the prior year. Water and Wastewater collected $16.9 million and $13.1 million in impact fees, respectively, reflecting a $10.6 million increase over the prior year. Capital contributions, which arise from new property development within the City, represent a major revenue source for the Water and Wastewater funds during the current fiscal year. Capital contributions were $52.7 million during the year and represent a $34.4 million increase from the prior year. The Airport gas well revenues contributed an additional $1.0 million to the increase in net position, an increase of $0.6 million from the prior year. Gas well revenues continue to decline as many wells in the City are being systematically plugged. Total enterprise funds operating costs, before depreciation, decreased $39.5 million. Electric operating costs, before depreciation, accounts for 76.5 percent of total enterprise fund expenses. Cost decreases includes purchase power costs of $58.8 million from the prior year. Increased in expenses were $1.2 million for personnel services and administrative costs by $0.7 compared to prior year. Water expenses increased $2.7 million from the prior year, due to increased materials and supplies of $0.9 million and administrative costs of $1.4 million. Wastewater expenses were unchanged from the prior year. Solid Waste operations increased $0.7 million from the prior year, due to increased administrative costs of $2.2 million and decreased closure/post closure cost of $1.7 million.



FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of resources available to spend. Such information is useful in assessing the City's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the City's governmental funds reported a combined ending fund balance of $238.1 million, an increase of $10.0 million in comparison with the prior year. $45.0 million constitutes

unassigned fund balance, which is available for spending at the government's discretion. The remainder of the fund balance has been classified to indicate that it is not available for new spending because it has already been classified as restricted ($149.8 million), committed ($17.8 million), and assigned ($25.5 million).

The General Fund is the chief operating fund of the City. At September 30, 2022, the unassigned fund balance of the General Fund was $45.5 million, or 29.7% of budgeted general fund expenditures. Revenues were $10.9 million higher compared to the previous year primarily due to increases in taxes of $7.2 million. Licenses and permits increased $3.1 million. Intergovernmental revenue decreased $1.7 million over the prior year due to no receipts from CARES Act funding which ended in FY2020-2021. Franchise fees increased $1.9 million in part due $2.4 million increase in the Return on Investment (ROI) transfer percentage from the electric fund revenues. Parks and Recreation had an increase in charge for services of $0.3 million as business resumed to normal from COVID-19 closure. The net change in General Fund expenditures was $8.1 million higher compared to the previous year primarily due to increased costs related to personnel services and operations. Personnel costs increased $7.7 million over the prior year which includes a 3% cost of living adjustment (COLA). Public safety increased $5.8 million over the prior year due to the addition of 7.0 in the police department and meet & confer agreements and eligible STEP pay increases. Parks and recreation increased 2.0 million over the prior year due to the addition of 6.0 in the park and recreation department and COVID reinstatements. The public safety and park and recreation increase was offset by decreases in public works of $0.1 million. Decreases includes personnel services of $0.8 million and transfer of $0.2 million.

At the end of the fiscal year, the Capital Projects Fund has a total fund balance of $148.6 million, a decrease of $5.1 million. The total fund balance is made up of $119.5 million in restricted funds, $3.6 million in committed funds, and $25.5 million in assigned funds, all for capital construction and acquisition. In 2022, the City received $69.1 million of proceeds from the issuance of debt and recognized $4.4 million current year and $9.0 million prior period adjustment of regional toll revenues from the Texas Department of Transportation, while expending $104.3 million on construction and acquisition. In addition, the capital projects fund received $14.9 million of transfers from other funding sources. The City also received approximately $21.4 million in developer's contributed capital recorded in the government-wide financial statements. This is $11.4 million more than in the prior year.

The Debt Service Fund has a total fund balance of $2.4 million, all of which is restricted for the payment of debt service. As compared with the prior year results, the overall decrease in the debt service fund balance of $2.3 million resulted from a decrease in investment revenue as reinvestment rates on maturing investments and investment pools remained low. An increase of $2.5 million in tax revenue was offset by an increase of $3.8 million in principal and interest costs. Additional amounts include a decrease from the premium paid on debt issuance of $0.2 million.

Proprietary funds. The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net position at September 30, 2022 in proprietary funds are $118.3 million for Electric, $47.3 million for Water, $39.5 million for Wastewater, $7.2 million for Solid Waste, and $2.7 million for the Airport fund. The results reflect increases of the unrestricted net position in the Electric Fund of $20.6 million, Water Fund of $6.2 million, Wastewater fund of $7.7 million and Solid Waste fund of 3.7 million. Other factors concerning the finances of these funds have already been addressed in the discussion of the City of Denton's business-type activities.

GENERAL FUND BUDGETARY HIGHLIGHTS

During fiscal year 2022, three formal amendments to adjust the City of Denton's Annual Program of Services were approved by Council. Council approved funding to provide for additional improvements and other administrative expenses. The additional funds increased the General Fund by $2.9 million: $1.6 million to fund

one-time supplemental requests, $0.9 million to fund consultant fees for three capital projects/master plan, $.04 million to fund Parks and Recreation position reclassifications.

GENERAL FUND BUDGET TO ACTUAL HIGHLIGHT

For fiscal year 2022, General Fund actual expenditures (including transfers) on a budgetary basis were $152.6 million compared to the final budget of $152.9 million. The $0.3 million favorable variance was primarily due to reduced costs of personnel services of 1.3 million, materials and supplies of $0.6 million and increased cost of operations, services of $1.8 million.

Personnel savings are due to reduced costs of $1.3 million in general government, and $0.4 million in interfund-transfers in the general government. These positive variances were offset by public safety expenditures which were $2.5 million unfavorable to budget due in part to increased personnel services of $0.9 million and operations, services of $1.6 million in public safety. In addition to personnel savings, materials and supplies expenditures were favorable to budget for general government of $0.4 million and public safety of $0.1 million. These savings, as well as those for maintenance and repair costs, were the result of facility closures and program cutbacks due to the pandemic. Maintenance and repair costs were favorable to budget by $0.08 million for all general fund departments.

Actual revenues for the General Fund (including transfers and sale of capital asset) on a budgetary basis were $159.5 million compared to the final budget of $150.3 million. Included in the $9.2 favorable revenue variance was $6.5 million of increases sales and property taxes, 3.0 million licenses and permits, $0.8 million franchise fees as well as fees for service increase of $1.0 million. These favorable variances were offset by declines of $0.8 million in fines and forfeitures and 0.5 million in other taxes. Additional unfavorable variances to budget were $0.9 million for investment revenue.

The City of Denton's General Fund unassigned fund balance at September 30, 2022 is $45.5 million, or 29.7% of budgeted expenditures. Below is a listing of the ending unassigned balances for the prior year, as well as the fiscal year 2022 unassigned fund balance.

	Actual 9/30/2022	Actual 9/30/2021
Unassigned balance	$45,459,406	$38,499,992
% of final budgeted expenditures	29.7%	26.8%
Policy level	20% plus up to a 5% resiliency reserve	20% plus up to a 5% resiliency reserve

The largest revenue source of the General Fund's budget was the ad valorem tax. Denton's ad valorem tax rate is comprised of two components. The first is the operations and maintenance component that is used to calculate revenue for the City's General Fund operations. The second component is the debt portion that is used to calculate revenue to pay the City's general debt service obligations. The Denton Central Appraisal District's certified appraisal roll shows an increase of 7.9% compared to the prior year certified value, which showed an increase of 5.8%. The current property tax year included $409.0 million of new growth and construction that was added to the tax rolls in Tax year 2021 as compared to Tax year 2020. The fiscal year 2022 ad valorem tax rate decrease to $0.56582 as compared to the prior years' rate of $0.59045 per $100 of valuation.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital assets. At the end of fiscal year 2022, the City had $2,066.8 million invested in a broad range of capital assets, including police and fire equipment, buildings, park facilities, roads, bridges, electrical infrastructure, and

water and sewer lines (see Table 3 below). This amount represents a net increase (including additions and deductions) of $182.9 million or 9.7% over the prior fiscal year.

Table 3
Capital Assets at Year-end
(Net of Accumulated Depreciation, in Thousands)

	Governmental Activities		Business-type Activities		Totals	
	2022	2021	2022	2021	2022	2021
Land	$ 30,865	$ 27,971	$ 76,044	$ 75,499	$ 106,909	$ 103,470
Landfill improvements	-	-	3,855	1,674	3,855	1,674
Building and improvements	65,785	55,374	27,478	28,555	93,263	83,929
Plant, machinery and equipment	50,169	48,066	601,460	613,079	651,629	661,145
Water rights	-	-	46,653	47,349	46,653	47,349
Infrastructure	147,420	120,337	460,293	419,800	607,713	540,137
Construction in progress	330,271	265,258	225,491	179,885	555,762	445,143
Total capital assets	$ 624,510	$ 517,006	$ 1,441,274	$ 1,365,841	$ 2,065,784	$ 1,882,847

This year's major asset additions included:

Description	Amount
Daybreak Land - Building and Parking Lot	$ 12,342,472
Lake Lewisville Water Treatment Plant Solids Handling	9,381,016
Westside Parallel Runway and Lighting	8,385,766
Fire Station #3 Rebuild	7,831,405
Eagle Creek Phase 1 and 2 Development	6,805,823
King's Ridge Phase 1 and 2 Development	6,514,939
Sagebrook Phase 1 and 2A Development	5,889,013
Cambridge Brook Phase 1 and 2 Development	4,665,248
Landfill Cell 4 Construction	3,735,848
Country Club Terrace Phase 1 and 2 Development	3,714,598
Stuart Ridge Phase 1 Development	3,353,760
Stark Farms Phase 2 Development	3,028,193
Woodmere Development	2,308,533
Glenwood Meadows Development	2,297,579
Country Lakes North Phase 5B Development	2,083,859
Audra Pointe Development	2,069,213
Courts of Bonnie Brae Development	2,049,501
Total	$ 86,456,766

Additional information on the City's capital assets can be found in note IV. D. of this report.

Debt. At year-end, the City had $1,293.3 million in bonds and notes outstanding as compared to $1,197.9 million at the end of the prior fiscal year, an increase of 8.0%, as shown in Table 4.

Table 4
Outstanding Debt at Year-end
(in thousands)

	Governmental Activities		Business-type Activities		Totals	
	2022	2021	2022	2021	2022	2021
General obligation bonds	$ 236,288	$ 193,377	$ 99,072	$ 110,803	$ 335,360	$ 304,180
Certificates of obligation	118,055	115,145	506,945	437,255	625,000	552,400
Revenue bonds	-	-	332,955	341,330	332,955	341,330
Total	$ 354,343	$ 308,522	$ 938,972	$ 889,388	$ 1,293,315	$ 1,197,910

These amounts do not include net unamortized premiums/ (discounts) of $82,059,292 or net deferred gain/ (loss) on refunding of ($857,144).

During the fiscal year, the City issued debt two times, both in July 2022. The first debt issuance included $71.3 million in general obligation refunding bonds of which $13.5 million was for business-type activities. Of this amount, $55.6 million was issued to pay the costs of bond election capital improvements for streets, parks, and public safety facilities in the Capital Projects fund. The remaining $15.7 million was issued to refund outstanding debt obligations. The second debt issuance included $112.2 million ($99.6 million of which is included as part of business-type activities) in certificates of obligation. The debt was issued to pay the costs of various capital improvements in the Capital Projects Fund $8.6 million, the Electric Fund $33.0 million, the Water Fund $21.8 million, the Wastewater Fund $38.3 million, the Solid Waste Fund $6.5 million, and the Fleet Fund $4.0 million.

Standard and Poor's Corporation has given both the City's General Obligation Bonds and Certificates of Obligation an "AA+" rating. Standard and Poor's Corporation has given the City's Utility System Revenue Bonds a rating of "A+". Fitch has given the City's General Obligation Bonds and the Certificates of Obligation a rating of "AA+." Fitch has given the City's Utility System Revenue Bonds a rating of "A". The City is permitted by Article XI, Section 5 of the State of Texas Constitution to levy taxes up to $2.50 per $100 of assessed valuation for general governmental services including the payment of principal and interest on general obligation long-term debt. The current ratio of tax-supported debt to certified assessed value of all taxable property is 2.77%.

Other long-term liabilities. The City maintains a self-insurance program for property, excess flood (for specific properties), general liability and excess general liability, aviation ground operations liability, auto liability and physical damage, public officials' liability, professional liability for EMT operations, employment practices liability, law enforcement professional liability, cyber, commercial crime, and workers' compensation. Private insurance companies cover claims for property loss on a per occurrence basis, except for specific perils, these deductibles vary depending on location and property values, for workers' compensation losses over $1,000,000 per occurrence, and for liability over $500,000 per occurrence. The Risk Retention Fund has a reserve for claims and judgments of $4.4 million outstanding at year-end. Other obligations include pension liabilities, accrued vacation pay and sick leave. More detailed information about the City's long-term liabilities is presented in note IV. F. of this report.

The City's Electric Fund has a liability set up for claims and judgements of $2.7 million outstanding at year-end. More detailed information on this long-term liability can be found in note V.G. of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

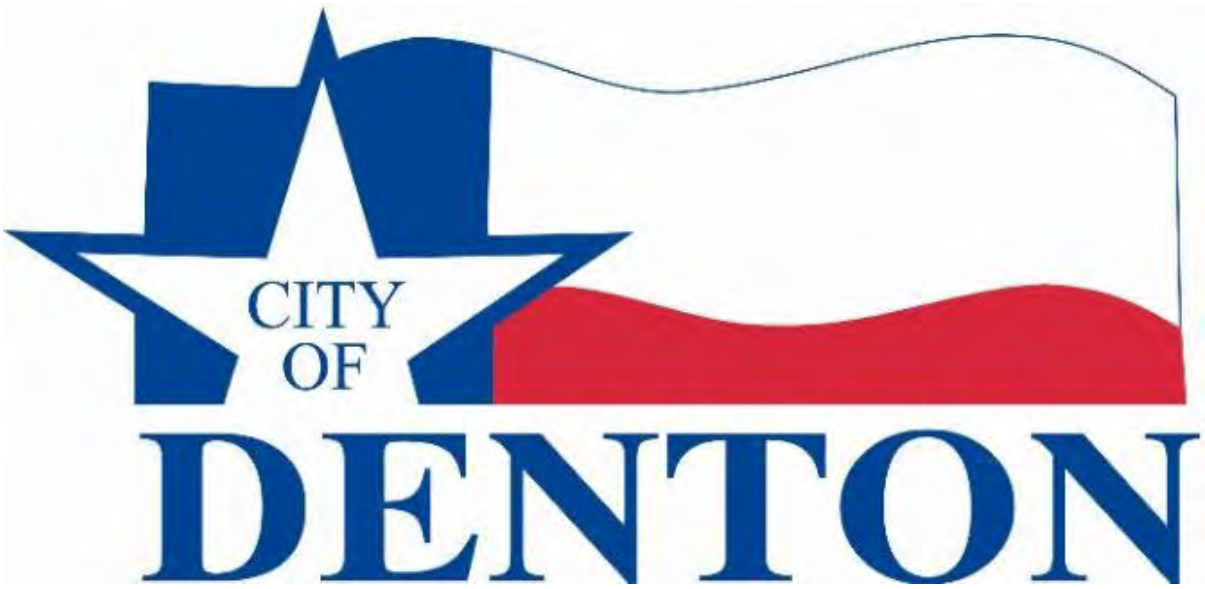
While growth for the Denton community is expected to be moderate in the short term, demands for city services are expected to remain strong over the long term. As a result, the fiscal year 2022 Budget includes an ad valorem tax rate of $0.560682/$100 valuation which is a decrease from the prior year. While sales tax collections increased $7.9 million compared to the prior year 17.3%, the fiscal year 2023 Budget projects an increase of 2.7% from actual fiscal year 2022 sales tax revenue. Budgeted funding enhancements for fiscal year 2023 include $3.5 million for general fund departments. The fiscal year 2023 Budget included 37.1 approved supplements for additional staff, increase in operating contracts and capital.

The unemployment rate for the City was 3.2 percent on September 30, 2022 compared to 5.6 percent as of September 30, 2021. The decline in the rate was due to a significant positive correction following COVID-19 global pandemic in fiscal year 2019-2020.

The fiscal year 2023 budget includes no rate changes for water, solid waste, electric or wastewater customers.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the City's finances for all those with an interest in the City's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the City of Denton Finance Department, 215 E. McKinney, Denton, Texas 76201.


CITY
OF
DENTON

CITY OF DENTON, TEXAS **Exhibit I**
STATEMENT OF NET POSITION
AS OF SEPTEMBER 30, 2022

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS:			
Cash, cash equivalents and investments, at fair value	$ 95,698,316	$ 206,109,451	$ 301,807,767
Receivables, net of allowances:			
Taxes	10,876,724	-	10,876,724
Accounts	-	18,467,334	18,467,334
Unbilled utility service	-	17,567,694	17,567,694
Interest	270,057	585,801	855,858
Other	4,141,952	14,738,239	18,880,191
Internal balances	(15,152,199)	15,152,199	-
Due from other governments	4,488,680	-	4,488,680
Inventory	14,313,786	-	14,313,786
Prepaid items	16,820	24,604,362	24,621,182
Other Assets	-	151,067,135	151,067,135
Restricted assets:			
Cash, cash equivalents and investments, at fair value	245,986,609	260,272,888	506,259,497
Escrow deposits	265,201	-	265,201
Taxes	603,018	-	603,018
Accrued interest	655,374	739,744	1,395,118
Other receivables	68,634	173,532	242,166
Debt issuance costs - insurance	-	500,121	500,121
Capital assets not being depreciated	361,136,259	301,534,956	662,671,215
Capital assets, net of accumulated depreciation	263,373,843	1,139,738,748	1,403,112,591
Total assets	986,743,074	2,151,252,204	3,137,995,278
DEFERRED OUTFLOWS OF RESOURCES:			
Deferred loss on refundings	428,929	1,369,179	1,798,108
Deferred pension balances	27,596,901	7,989,815	35,586,716
Deferred other post-employment benefit balances	5,085,252	2,441,506	7,526,758
Total deferred outflows of resources	33,111,082	11,800,500	44,911,582
LIABILITIES:			
Accounts payable	13,570,539	8,746,750	22,317,289
Retainage payable	173,168	1,661,210	1,834,378
Deposits	577,350	7,769,900	8,347,250
Accrued interest	50,397	-	50,397
Due to other governments	289	-	289
Other liabilities	847,464	-	847,464
Unearned revenue	62,986,242	-	62,986,242
Payable from restricted assets:			
Accounts payable	16,905,270	3,598,718	20,503,988
Retainage payable	7,685,457	3,184,450	10,869,907
Accrued interest	1,861,524	7,733,323	9,594,847
Noncurrent liabilities:			
Noncurrent liabilities due within one year	37,830,580	58,298,485	96,129,065
Noncurrent liabilities due in more than one year	427,236,497	990,254,434	1,417,490,931
Total liabilities	569,724,777	1,081,247,270	1,650,972,047
DEFERRED INFLOWS OF RESOURCES:			
Deferred lease revenues	1,328,945	2,138,732	3,467,677
Deferred gain on refundings	-	940,964	940,964
Deferred pension balances	38,624,209	11,381,731	50,005,940
Deferred other post-employment benefit balances	3,082,964	1,430,717	4,513,681
Total deferred inflows of resources	43,036,118	15,892,144	58,928,262
NET POSITION:			
Net investment in capital assets	368,485,279	773,134,073	1,141,619,352
Restricted for:			
Debt service	735,796	15,059,077	15,794,873
Parks and recreation	9,014,397	-	9,014,397
Capital acquisition	20,975,048	58,654,954	79,630,002
Other grants and purposes	5,067,523	-	5,067,523
Unrestricted	2,815,218	219,065,186	221,880,404
Total net position	$ 407,093,261	$ 1,065,913,290	$ 1,473,006,551

The notes to the basic financial statements are an integral part of this statement.

CITY OF DENTON, TEXAS **Exhibit II**
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2022

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions
Primary government:				
Governmental activities:				
General government	$ 40,369,454	$ 12,705,349	$ 5,265,419	$ 5,045,640
Public safety	87,970,791	5,640,947	3,420,972	300,982
Public works	25,489,369	804,751	-	27,902,845
Parks and recreation	22,787,282	6,052,680	859,001	1,157,290
Interest expense	8,571,877	-	-	-
Total governmental activities	185,188,773	25,203,727	9,545,392	34,406,757
Business-type activities:				
Electric system	270,421,754	293,811,955	-	-
Water system	35,891,682	65,873,478	-	10,699,169
Wastewater system	36,814,363	46,616,569	-	35,405,698
Solid waste	34,117,196	40,574,676	-	-
Airport	2,437,563	2,239,264	-	6,558,492
Total business-type activities	379,682,558	449,115,942	-	52,663,359
Total primary government	$ 564,871,331	$ 474,319,669	$ 9,545,392	$ 87,070,116

(continued on the following page)

The notes to the basic financial statements are an integral part of this statement.

CITY OF DENTON, TEXAS **Exhibit II**
STATEMENT OF ACTIVITIES (concluded)
FOR THE YEAR ENDED SEPTEMBER 30, 2022

	Net (Expense) Revenue and Changes in Net Position		
	Primary Government		
Functions/Programs	Governmental Activities	Business-type Activities	Total
Primary government:			
Governmental activities:			
General government	$ (17,353,046)	$ -	$ (17,353,046)
Public safety	(78,607,890)	-	(78,607,890)
Public works	3,218,227	-	3,218,227
Parks and recreation	(14,718,311)	-	(14,718,311)
Interest expense	(8,571,877)	-	(8,571,877)
Total governmental activities	(116,032,897)		(116,032,897)
Business-type activities:			
Electric system	-	23,390,201	23,390,201
Water system	-	40,680,965	40,680,965
Wastewater system	-	45,207,904	45,207,904
Solid waste	-	6,457,480	6,457,480
Airport	-	6,360,193	6,360,193
Total business-type activities	-	122,096,743	122,096,743
Total primary government	(116,032,897)	122,096,743	6,063,846
General revenues:			
Taxes:			
Property tax	79,552,638	-	79,552,638
Sales tax	53,264,724	-	53,264,724
Franchise fees	38,132,032	-	38,132,032
Hotel occupancy tax	3,684,534	-	3,684,534
Beverage tax	671,493	-	671,493
Bingo tax	15,119	-	15,119
Investment income (loss)	(973,108)	(646,799)	(1,619,907)
Gain on sale of capital assets	564,787	292,007	856,794
Miscellaneous	7,534,118	-	7,534,118
Transfers	2,913,731	(2,913,731)	-
Total general revenues and transfers	185,360,068	(3,268,523)	182,091,545
Change in net position	69,327,171	118,828,220	188,155,391
Net position at beginning of year	328,693,298	947,085,070	1,275,778,368
Prior period adjustment (Note I.G.)	9,072,792	-	9,072,792
Net position at beginning of year - as restated	337,766,090	947,085,070	1,284,851,160
Net position at end of year	$ 407,093,261	$ 1,065,913,290	$ 1,473,006,551

The notes to the basic financial statements are an integral part of this statement. **(concluded)**

CITY OF DENTON, TEXAS **Exhibit III**
BALANCE SHEET
GOVERNMENTAL FUNDS
AS OF SEPTEMBER 30, 2022

	General Fund	Debt Service Fund	Capital Projects Fund	ARPA Fund	Other Governmental Funds	Total Governmental Funds
ASSETS:						
Cash, cash equivalents and investments, at fair value	$ 38,382,377	$ 2,359,132	$ 219,418,050	$ 15,890,169	$ 42,122,224	$ 318,171,952
Receivables, net of allowances for uncollectibles:						
Taxes	10,876,724	281,880	-	-	321,138	11,479,742
Accrued interest	109,785	6,705	623,628	5,990	113,215	859,323
Other	2,332,976	-	-	-	98,230	2,431,206
Interfund receivables	2,210,567	-	-	-	-	2,210,567
Due from other governments	1,575,385	-	1,364,994	-	1,548,301	4,488,680
Total assets	$ 55,487,814	$ 2,647,717	$ 221,406,672	$ 15,896,159	$ 44,203,108	$ 339,641,470
LIABILITIES:						
Accounts payable	6,757,960	-	17,177,833	-	1,294,655	25,230,448
Retainage payable	-	-	7,333,486	500,000	3,230	7,836,716
Interfund payables	-	-	-	-	871,689	871,689
Due to other governments	289	-	-	-	-	289
Other liabilities	847,464	-	-	-	-	847,464
Unearned revenues	-	-	47,570,350	15,396,159	19,733	62,986,242
Total liabilities	7,605,713	-	72,081,669	15,896,159	2,189,307	97,772,848
DEFERRED INFLOWS OF RESOURCES:						
Unavailable revenue - property taxes	447,441	236,185	-	-	-	683,626
Unavailable revenue - general services	977,428	-	-	-	16,117	993,545
Unavailable revenue - intergovernmental	859,001	-	716,769	-	415,689	1,991,459
Deferred inflows - leases	138,825	-	-	-	-	138,825
Total deferred inflows of resources	2,422,695	236,185	716,769	-	431,806	3,807,455
FUND BALANCES:						
Restricted for:						
Debt service	-	2,411,532	-	-	-	2,411,532
Parks and recreation	-	-	3,527,580	-	8,984,211	12,511,791
Streets and drainage projects	-	-	45,465,348	-	13,960,748	59,426,096
Other capital projects	-	-	70,482,880	-	-	70,482,880
Other grants and purposes	-	-	-	-	4,974,681	4,974,681
Committed to:						
Streets	-	-	3,534,027	-	7,570,889	11,104,916
Parks and recreation	-	-	53,516	-	-	53,516
Other purposes	-	-	7,432	-	6,598,000	6,605,432
Assigned to:						
Streets and drainage projects	-	-	16,492,913	-	-	16,492,913
Capital projects	-	-	9,044,538	-	-	9,044,538
Other purposes		-	-	-	610	610
Unassigned	45,459,406	-	-	-	(507,144)	44,952,262
Total fund balances	45,459,406	2,411,532	148,608,234	-	41,581,995	238,061,167
Total liabilities, deferred inflows of resources and fund balances	$ 55,487,814	$ 2,647,717	$ 221,406,672	$ 15,896,159	$ 44,203,108	$ 339,641,470

The notes to the basic financial statements are an integral part of this statement.

CITY OF DENTON, TEXAS **Exhibit IV**
RECONCILIATION OF THE BALANCE SHEET
OF GOVERNMENTAL FUNDS TO THE
STATEMENT OF NET POSITION
AS OF SEPTEMBER 30, 2022

Total fund balances - governmental funds (Exhibit III)			**$ 238,061,167**
Amounts reported for governmental activities in the statement of net position are different because:			
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds. Includes capital assets of internal service funds.			**624,510,102**
Certain receivables will be collected next year but are not available soon enough to pay for the current period's expenditures and therefore are reported as deferred inflows of resources in the funds.			**3,668,630**
Deferred outflows of resources are not reported in the governmental funds. Includes deferred outflows of internal service funds:			
Deferred loss on refundings	**$**	**428,929**	
Deferred pension balances		**27,596,901**	
Deferred other post-employment benefits contributions		**5,085,252**	**33,111,082**
An internal charge to business-type activities is not recorded at the fund level.			**(4,047,729)**
Several internal service funds are used by the City's management to charge the costs of certain activities, such as insurance and fleet management, to individual funds. The assets, liabilities, deferred outflows, and deferred inflows of the internal service funds are included with governmental activities. Internal service fund balances not included in other reconciling items listed above or below:			
Current and other assets	**$**	**39,954,268**	
Liabilities		**(25,186,379)**	
Deferred inflows		**(1,190,120)**	**13,577,769**
Long-term balances, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds. Includes balances of internal service funds. Long-term liabilities and related balances at year-end consist of:			
General obligation bonds payable	**$**	**(236,288,240)**	
Certificates of obligation payable		**(118,055,000)**	
Bond (premiums)/discounts		**(24,952,600)**	
Accrued interest on the bonds		**(1,911,921)**	
Net Pension Liability		**(25,220,055)**	
Total other post-employment benefits liability		**(36,613,908)**	
Compensated absences		**(17,038,863)**	**(460,080,587)**
Deferred inflows of resources are not reported in the governmental funds. Includes deferred outflows of internal service funds:			
Deferred pension balances and Deferred other post-employment benefits contributions			**(41,707,173)**
Total net position of governmental activities (Exhibit I)			**$ 407,093,261**

The notes to the basic financial statements are an integral part of this exhibit.

CITY OF DENTON, TEXAS **Exhibit V**
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2022

	General Fund	Debt Service Fund	Capital Projects Fund	ARPA Fund	Other Governmental Funds	Total Governmental Funds
REVENUES:						
Taxes	$ 102,491,584	$ 29,680,544	$ -	$ -	$ 5,290,058	$ 137,462,186
Licenses and permits	9,058,717	-	-	-	-	9,058,717
Franchise fees	19,910,133	-	-	-	18,221,899	38,132,032
Fines and forfeitures	1,875,399	-	-	-	283,449	2,158,848
Fees for services	9,630,662	-	-	-	4,281,272	13,911,934
Investment revenue (loss)	(127,267)	(99,051)	(743,923)	-	(2,867)	(973,108)
Intergovernmental	2,508,006	-	7,288,420	7,935,258	4,026,198	21,757,882
Miscellaneous	322,173	-	327,769	-	7,147,958	7,797,900
Total revenues	145,669,407	29,581,493	6,872,266	7,935,258	39,247,967	229,306,391
EXPENDITURES:						
Current:						
General government	26,563,210	-	12,409	2,646,501	7,037,916	36,260,036
Public safety	86,682,395	-	-	243,807	1,221,474	88,147,676
Public works	2,956,465	-	-	-	10,568,430	13,524,895
Parks and recreation	13,308,304	-	78,184	-	6,649,339	20,035,827
Capital outlay	540,289	-	104,303,359	5,044,950	1,083,079	110,971,677
Debt service:						
Principal retirement	-	21,768,842	-	-	-	21,768,842
Bond refunding	-	55,186	-	-	-	55,186
Bond issuance costs	-	20,307	618,393	-	-	638,700
Interest and other charges	-	10,748,455	-	-	-	10,748,455
Total expenditures	130,050,663	32,592,790	105,012,345	7,935,258	26,560,238	302,151,294
Excess (deficiency) of revenues over (under) expenditures	15,618,744	(3,011,297)	(98,140,079)	-	12,687,729	(72,844,903)
OTHER FINANCING SOURCES (USES):						
Refunding bonds issued	-	2,145,000	-	-	-	2,145,000
Payment to refunded bond agent	-	(2,203,141)	-	-	-	(2,203,141)
Issuance of long-term debt	-	-	63,960,000	-	-	63,960,000
Premium on debt issuance	-	77,336	5,178,235	-	-	5,255,571
Sale of capital assets	568,128	-	-	-	-	568,128
Transfers in	2,728	722,892	14,868,553	-	6,376,421	21,970,594
Transfers out	(9,230,186)	-	-	-	(8,717,125)	(17,947,311)
Total other financing sources (uses)	(8,659,330)	742,087	84,006,788	-	(2,340,704)	73,748,841
Net change in fund balances	6,959,414	(2,269,210)	(14,133,291)	-	10,347,025	903,938
Fund balances at beginning of year - as previously stated	38,499,992	4,680,742	153,668,733	-	31,234,970	228,084,437
Prior period adjustment (Note I.G.)	-	-	9,072,792	-	-	9,072,792
Fund balance at beginning of year	38,499,992	4,680,742	162,741,525	-	31,234,970	237,157,229
Fund balances at end of year	$ 45,459,406	$ 2,411,532	$ 148,608,234	$ -	$ 41,581,995	$ 238,061,167

The notes to the basic financial statements are an integral part of this statement.

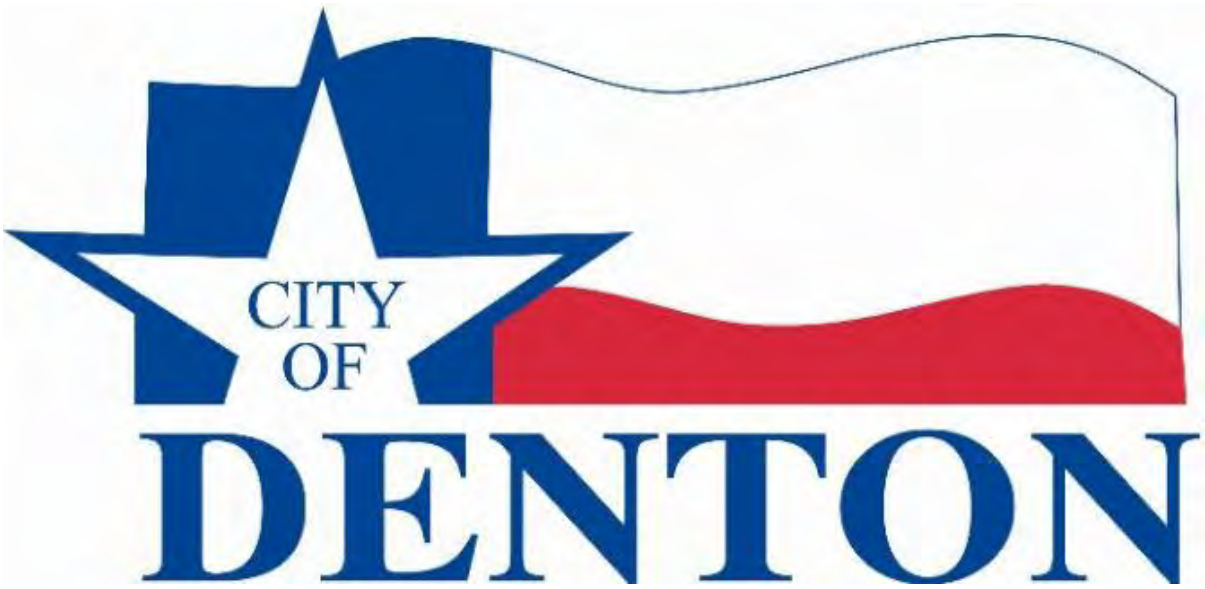
CITY OF DENTON, TEXAS **Exhibit VI**

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED SEPTEMBER 30, 2022

Net change in fund balances - total governmental funds (Exhibit V)	**$**	**903,938**
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This amount represents the difference between capital outlay of $110,971,677 and depreciation of $22,022,475 (which is the net of overall governmental activities depreciation of $25,645,776 less internal service fund depreciation of $3,623,301).		**88,949,202**
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. Such amounts are recorded in the funds when considered available.		**345,713**
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins and donations) is to increase net position.		**19,464,442**
Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. This is the amount by which proceeds exceeded payments.		**(42,358,725)**
Fund-level financials report costs related to bonds as expenditures; however, these are deferred and amortized on the government-wide financials.		**(2,740,960)**
Certain expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		**6,277,913**
Internal service funds are used by management to charge the costs of certain activities, such as insurance and technology services, to individual funds. A portion of the net revenue (expense) of certain internal service funds is reported with governmental activities. The amount reported with business-type activities is ($2,398,701).		**(1,514,352)**
Change in net position of governmental activities (Exhibit II)	**$**	**69,327,171**

The notes to the basic financial statements are an integral part of this statement.


CITY
OF
DENTON

CITY OF DENTON, TEXAS **Exhibit VII**
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET TO ACTUAL
GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2022

	Budgeted Amounts		Actual	Adjustments - Budgetary	Actual on a Budgetary	Variance with Final Budget - Positive
	Original	Final	Amounts	Basis	Basis	(Negative)
REVENUES:						
Taxes	$ 96,420,598	$ 96,420,598	$ 102,491,584	$ -	$ 102,491,584	$ 6,070,986
Licenses and permits	6,082,055	6,082,055	9,058,717	-	9,058,717	2,976,662
Franchise fees	19,088,074	19,088,074	19,910,133	-	19,910,133	822,059
Fines and forfeitures	2,632,673	2,632,673	1,875,399	-	1,875,399	(757,274)
Fees for services	8,670,597	8,670,597	9,630,662	-	9,630,662	960,065
Investment revenue (loss)	785,000	785,000	(127,267)	-	(127,267)	(912,267)
Intergovernmental	2,572,578	2,572,578	2,508,006	-	2,508,006	(64,572)
Miscellaneous	410,477	410,477	322,173	-	322,173	(88,304)
Total revenues	136,662,052	136,662,052	145,669,407	-	145,669,407	9,007,355
EXPENDITURES:						
Current:						
General government	33,941,870	33,829,981	26,563,210	7,526,242	34,089,452	(259,471)
Public safety	79,644,795	79,989,379	86,682,395	(3,802,352)	82,880,043	(2,890,664)
Public works	2,910,504	2,910,504	2,956,465	(94,773)	2,861,692	48,812
Parks and recreation	13,431,204	13,783,274	13,308,304	(336,563)	12,971,741	811,533
Capital outlay	579,717	581,062	540,289	-	540,289	40,773
Total expenditures	130,508,090	131,094,200	130,050,663	3,292,554	133,343,217	(2,249,017)
Excess (deficiency) of revenues over (under) expenditures	6,153,962	5,567,852	15,618,744	(3,292,554)	12,326,190	6,758,338
OTHER FINANCING SOURCES (USES):						
Sale of capital assets	112,387	112,387	568,128	-	568,128	455,741
Transfer in	13,551,129	13,551,129	2,728	13,285,904	13,288,632	(262,497)
Transfers out	(19,485,652)	(21,802,147)	(9,230,186)	(9,993,350)	(19,223,536)	2,578,611
Total other financing sources (uses)	(5,822,136)	(8,138,631)	(8,659,330)	3,292,554	(5,366,776)	2,771,855
Excess (deficiency) of revenues and other sources over (under) expenditures and other uses	331,826	(2,570,779)	6,959,414	-	6,959,414	9,530,193
Fund balances at beginning of year	38,499,992	38,499,992	38,499,992	-	38,499,992	-
Fund balance at end of year	$ 38,831,818	$ 35,929,213	$ 45,459,406	$ -	$ 45,459,406	$ 9,530,193

Adjustments - Budgetary Basis are expenditures allocated to and reimbursed by other funds. These expenditures are recorded in the other funds' financials.

The notes to the basic financial statements are an integral part of this statement.

CITY OF DENTON, TEXAS **Exhibit VIII**
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
AS OF SEPTEMBER 30, 2022

	Business-type Activities - Enterprise Funds		
	Utility System		
	Electric Fund	Water Fund	Wastewater Fund
ASSETS:			
Current assets:			
Cash, cash equivalents and investments, at fair value	$ 94,344,934	$ 50,015,934	$ 45,399,408
Receivables, net of allowances:			
Accounts	12,527,059	2,678,448	1,715,563
Unbilled utility service	10,534,590	2,996,663	1,949,062
Accrued interest	268,146	142,154	129,034
Other	13,872,339	-	-
Interfund receivables	9,902,835	1,363,819	331,940
Merchandise inventory	-	-	-
Prepaid items	24,604,362	-	-
Other Assets	151,067,135	-	-
Total current assets	317,121,400	57,197,018	49,525,007
Noncurrent assets:			
Restricted assets:			
Cash, cash equivalents and investments, at fair value	77,149,406	76,352,835	81,691,224
Escrow deposit	-	-	-
Accrued interest	219,273	217,009	232,182
Other receivables	-	-	-
Total restricted assets	77,368,679	76,569,844	81,923,406
Unamortized debt issuance costs - insurance	500,121	-	-
Capital assets, net of accumulated depreciation	702,920,667	345,532,583	312,981,972
Total noncurrent assets	780,789,467	422,102,427	394,905,378
Total assets	1,097,910,867	479,299,445	444,430,385
DEFERRED OUTFLOWS OF RESOURCES:			
Deferred charges on refunding	534,850	774,510	-
Deferred pension balances	3,794,329	1,230,016	1,252,934
Deferred other post employment benefit balances	882,175	462,615	489,576
Total deferred outflows of resources	5,211,354	2,467,141	1,742,510
LIABILITIES:			
Current liabilities:			
Accounts payable	5,226,653	1,000,010	838,764
Retainage payable	-	891,404	561,075
Claims payable	-	-	-
Compensated absences payable	1,384,280	408,278	324,849
Deposits	5,868,885	658,450	532,373
Accrued interest	-	-	-
Interfund payables	370,529	-	-
Payable from restricted assets:			
Accounts payable	1,679,430	918,786	994,278
Retainage payable	1,476,470	595,260	1,047,310
Accrued interest	6,420,266	526,367	611,379
Certificate, general obligation, and revenue bonds	39,176,051	7,827,872	5,555,562
Total current liabilities paid from restricted assets	48,752,217	9,868,285	8,208,529
Total current liabilities	61,602,564	12,826,427	10,465,590

(continued on the following page)

CITY OF DENTON, TEXAS
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
AS OF SEPTEMBER 30, 2022

Exhibit VIII

	Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service Funds
	Solid Waste Fund	Airport Fund	Total Enterprise Funds	
ASSETS:				
Current assets:				
Cash, cash equivalents and investments, at fair value	$ 13,460,752	$ 2,888,423	$ 206,109,451	$ 15,581,822
Receivables, net of allowances:				
Accounts	1,489,604	56,660	18,467,334	-
Unbilled utility service	2,087,379	-	17,567,694	-
Accrued interest	38,258	8,209	585,801	43,567
Other	722,552	143,348	14,738,239	1,779,380
Interfund receivables	-	-	11,598,594	-
Merchandise inventory	-	-	-	14,313,786
Prepaid items	-	-	24,604,362	16,820
Other Assets	-	-	151,067,135	-
Total current assets	17,798,545	3,096,640	444,738,610	31,735,375
Noncurrent assets:				
Restricted assets:				
Cash, cash equivalents and investments, at fair value	22,886,012	2,193,411	260,272,888	7,931,151
Escrow deposit	-	-	-	265,201
Accrued interest	65,046	6,234	739,744	22,541
Other receivables	-	173,532	173,532	-
Total restricted assets	22,951,058	2,373,177	261,186,164	8,218,893
Unamortized debt issuance costs - insurance	-	-	500,121	-
Capital assets, net of accumulated depreciation	58,890,560	20,947,922	1,441,273,704	13,561,945
Total noncurrent assets	81,841,618	23,321,099	1,702,959,989	21,780,838
Total assets	99,640,163	26,417,739	2,147,698,599	53,516,213
DEFERRED OUTFLOWS OF RESOURCES:				
Deferred charges on refunding	59,819	-	1,369,179	-
Deferred pension balances	1,653,841	58,695	7,989,815	3,394,247
Deferred other post employment benefit balances	581,756	25,384	2,441,506	1,024,452
Total deferred outflows of resources	2,295,416	84,079	11,800,500	4,418,699
LIABILITIES:				
Current liabilities:				
Accounts payable	1,648,501	32,822	8,746,750	5,245,361
Retainage payable	208,731	-	1,661,210	-
Claims payable	-	-	-	3,465,392
Compensated absences payable	475,667	44,023	2,637,097	1,101,285
Deposits	695,415	14,777	7,769,900	577,350
Accrued interest	-	-	-	50,397
Interfund payables	123,595	-	494,124	12,443,348
Payable from restricted assets:				
Accounts payable	6,224	-	3,598,718	-
Retainage payable	65,410	-	3,184,450	21,909
Accrued interest	175,311	-	7,733,323	-
Certificate, general obligation, and revenue bonds	3,101,903	-	55,661,388	689,470
Total current liabilities paid from restricted assets	3,348,848	-	70,177,879	711,379
Total current liabilities	6,500,757	91,622	91,486,960	23,594,512

(continued on the following page)

CITY OF DENTON, TEXAS **Exhibit VIII**
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
AS OF SEPTEMBER 30, 2022

	Business-type Activities - Enterprise Funds		
	Utility System		
	Electric Fund	Water Fund	Wastewater Fund
Noncurrent liabilities:			
General obligation bonds payable	$ 50,870,114	27,914,649	$ 3,953,663
Certificates of obligation	345,736,029	57,727,632	90,604,060
Revenue bonds payable	337,197,583	-	-
Compensated absences payable	311,532	50,926	42,896
Claims and judgement payable	2,700,000	-	-
Net pension liability	7,762,235	2,442,410	2,870,635
Total other post-employment benefits liability	6,470,873	3,507,682	3,801,556
Landfill closure/postclosure costs	-	-	-
Total noncurrent liabilities	751,048,366	91,643,299	101,272,810
Total liabilities	812,650,930	104,469,726	111,738,400
DEFERRED INFLOWS OF RESOURCES:			
Deferred inflows - leases	1,421,189	-	-
Deferred charges on refundings	587,910	200,118	110,673
Deferred pension balances	5,276,288	1,828,092	1,847,542
Deferred other post employment benefit balances	513,072	274,068	288,509
Total deferred inflows of resources	7,798,459	2,302,278	2,246,724
NET POSITION:			
Net investment in capital assets	149,279,781	291,868,955	272,008,186
Restricted for debt service	15,059,077	-	-
Restricted for capital acquisition	-	35,823,664	20,631,645
Unrestricted	118,333,974	47,301,963	39,547,940
Total net position	$ 282,672,832	$ 374,994,582	$ 332,187,771

(continued on the following page)

The notes to the basic financial statements are an integral part of this statement.

CITY OF DENTON, TEXAS **Exhibit VIII**
STATEMENT OF NET POSITION (concluded)
PROPRIETARY FUNDS
AS OF SEPTEMBER 30, 2022

	Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service Funds
	Solid Waste Fund	Airport Fund	Total Enterprise Funds	
Noncurrent liabilities:				
General obligation bonds payable	$ 4,439,124	$ -	$ 87,177,550	$ -
Certificates of obligation	22,604,210	-	516,671,931	8,408,665
Revenue bonds payable	-	-	337,197,583	
Compensated absences payable	126,714	3,919	535,987	149,125
Claims and judgement payable	-	-	2,700,000	3,433,019
Net pension liability	3,532,366	282,835	16,890,481	4,755,456
Total other post-employment benefits liability	4,034,949	213,897	18,028,957	7,211,412
Landfill closure/postclosure costs	11,051,945	-	11,051,945	-
Total noncurrent liabilities	45,789,308	500,651	990,254,434	23,957,677
Total liabilities	52,290,065	592,273	1,081,741,394	47,552,189
DEFERRED INFLOWS OF RESOURCES:				
Deferred inflows - leases	717,543	-	2,138,732	1,190,120
Deferred charges on refundings	42,263	-	940,964	-
Deferred pension balances	2,351,177	78,632	11,381,731	5,082,374
Deferred other post employment benefit balances	339,790	15,278	1,430,717	623,227
Total deferred inflows of resources	3,450,773	93,910	15,892,144	6,895,721
NET POSITION:				
Net investment in capital assets	39,029,229	20,947,922	773,134,073	12,415,149
Restricted for debt service	-	-	15,059,077	-
Restricted for capital acquisition	-	2,199,645	58,654,954	-
Unrestricted	7,165,512	2,668,068	215,017,457	(8,928,147)
Total net position	$ 46,194,741	$ 25,815,635	$ 1,061,865,561	$ 3,487,002
Adjustment to reflect inclusion of internal service fund activities related to enterprise funds.			4,047,729	
Net position of business-type activities (Exhibit I)			$ 1,065,913,290	

The notes to the basic financial statements are an integral part of this statement. **(concluded)**

CITY OF DENTON, TEXAS **Exhibit IX**
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2022

	Business-type Activities - Enterprise Funds		
	Utility System		
	Electric Fund	Water Fund	Wastewater Fund
OPERATING REVENUES:			
Utility services	$ 286,521,937	$ 47,654,571	$ 31,653,001
Charges for goods and services	-	-	-
Other fees	7,290,018	1,365,365	1,899,913
Miscellaneous	-	-	-
Total operating revenues	293,811,955	49,019,936	33,552,914
OPERATING EXPENSES:			
Operating expenses before depreciation	238,267,404	23,553,288	22,838,702
Depreciation	26,050,754	10,001,172	9,728,818
Total operating expenses	264,318,158	33,554,460	32,567,520
Operating income (loss)	29,493,797	15,465,476	985,394
NON-OPERATING REVENUES (EXPENSES):			
Investment revenue (loss)	(371,944)	(163,813)	(122,074)
Interest expense and fiscal charges	(21,942,012)	(2,123,791)	(2,153,348)
Impact fee revenue	-	16,853,542	13,063,655
Gain (loss) on disposal of capital assets	(3,002,173)	292,007	(2,038,609)
Gas well revenues	-	-	-
Other non-operating revenues (expenses)	20,043,853	115,265	262,463
Total non-operating revenues (expenses)	(5,272,276)	14,973,210	9,012,087
Income (loss) before contributions and transfers	24,221,521	30,438,686	9,997,481
CONTRIBUTIONS AND TRANSFERS:			
Capital contributions	-	10,699,169	35,405,698
Transfers in	288,000	-	235,000
Transfers out	(1,418,330)	(241,639)	(166,033)
Total contributions and transfers	(1,130,330)	10,457,530	35,474,665
Change in net position	23,091,191	40,896,216	45,472,146
Net position at beginning of year	259,581,641	334,098,366	286,715,625
Total net position at end of year	$ 282,672,832	$ 374,994,582	$ 332,187,771

(continued on the following page)

The notes to the basic financial statements are an integral part of this statement.

CITY OF DENTON, TEXAS **Exhibit IX**
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND NET POSITION (concluded)
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2022

	Business-type Activities - Enterprise Funds			Governmental Activities -
	Solid Waste Fund	Airport Fund	Total Enterprise Funds	Internal Service Funds
OPERATING REVENUES:				
Utility services	$ 40,325,201	$ 1,238,746	$ 407,393,456	$ -
Charges for goods and services	-	-	-	104,376,311
Other fees	249,475	-	10,804,771	-
Miscellaneous	-	5,469	5,469	2,208,642
Total operating revenues	40,574,676	1,244,215	418,203,696	106,584,953
OPERATING EXPENSES:				
Operating expenses before depreciation	25,544,761	1,224,230	311,428,385	105,644,530
Depreciation	6,680,867	1,115,287	53,576,898	3,623,301
Total operating expenses	32,225,628	2,339,517	365,005,283	109,267,831
Operating income (loss)	8,349,048	(1,095,302)	53,198,413	(2,682,878)
NON-OPERATING REVENUES (EXPENSES):				
Investment revenue (loss)	(53,543)	64,575	(646,799)	(31,327)
Interest expense and fiscal charges	(692,150)	(80,155)	(26,991,456)	(201,668)
Impact fee revenue	-	-	29,917,197	-
Gain (loss) on disposal of capital assets	(711,129)	-	(5,459,904)	32,172
Gas well revenues	-	995,049	995,049	-
Other non-operating revenues (expenses)	42,712	500	20,464,793	80,200
Total non-operating revenues (expenses)	(1,414,110)	979,969	18,278,880	(120,623)
Income (loss) before contributions and transfers	6,934,938	(115,333)	71,477,293	(2,803,501)
CONTRIBUTIONS AND TRANSFERS:				
Capital contributions	-	6,558,492	52,663,359	-
Transfers in	53,181	-	576,181	720,000
Transfers out	(235,000)	(1,428,910)	(3,489,912)	(1,829,552)
Total contributions and transfers	(181,819)	5,129,582	49,749,628	(1,109,552)
Change in net position	6,753,119	5,014,249	121,226,921	(3,913,053)
Net position at beginning of year	39,441,622	20,801,386	940,638,640	7,400,055
Total net position at end of year	$ 46,194,741	$ 25,815,635	$ 1,061,865,561	$ 3,487,002

Change in fund net position of proprietary funds	121,226,921
Adjustment to reflect inclusion of internal service fund activities related to enterprise funds.	(2,398,701)
Change in net position of business-type activities (Exhibit II)	$ 118,828,220

The notes to the basic financial statements are an integral part of this statement. **(concluded)**

CITY OF DENTON, TEXAS
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2022

Exhibit X

	Business-type Activities - Enterprise Funds		
	Utility System		
	Electric Fund	Water Fund	Wastewater Fund
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash received from customers	$ 289,190,393	$ 48,116,282	$ 33,039,109
Cash paid to employees for services	(20,235,283)	(7,799,830)	(8,249,967)
Cash paid to suppliers	(217,376,921)	(16,418,561)	(17,420,812)
Net cash provided (used) by operating activities	51,578,189	23,897,891	7,368,330
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Transfers out	(1,418,330)	(241,639)	(166,033)
Transfers in	-	-	-
Proceeds from issuance of non-capital debt	-	-	-
Principal payments on non-capital debt	(6,695,000)	-	-
Interest and fiscal charges on non-capital debt	(1,029,725)	-	-
Net cash provided (used) by noncapital financing activities:	(9,143,055)	(241,639)	(166,033)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Proceeds from issuance of debt	43,262,112	25,971,490	44,908,165
Principal payments on capital debt	(32,810,346)	(10,343,648)	(8,057,107)
Interest and fiscal charges	(25,223,002)	(3,018,486)	(2,578,233)
Principal payments under capital lease obligation	-	-	-
Proceeds from gas wells	-	-	-
Proceeds from impact fees	-	16,853,542	13,063,655
Proceeds from capital contributions and transfers in	288,000	-	10,235,000
Proceeds from sale or reimbursement of capital assets	304,214	292,007	122,896
Acquisition and construction of capital assets	(37,401,075)	(21,070,549)	(23,836,883)
Net cash provided (used) by capital financing activities	(51,580,097)	8,684,356	33,857,493
CASH FLOWS FROM INVESTING ACTIVITIES:			
Proceeds from sale and maturities of investment securities	105,447,912	50,297,979	38,594,903
Purchase of investment securities	(128,389,414)	(82,132,372)	(75,609,821)
Interest received on investments	891,045	577,044	527,679
Proceeds from ownership investment	18,634,531	-	-
Net cash provided (used) by investing activities	(3,415,926)	(31,257,349)	(36,487,239)
Net increase (decrease) in cash and cash equivalents	(12,560,889)	1,083,259	4,572,551
Cash and cash equivalents at beginning of year	66,140,576	38,398,059	35,134,160
Cash and cash equivalents at end of year	53,579,687	39,481,318	39,706,711
Investments, at fair value (Note IV.A.)	117,914,653	86,887,451	87,383,921
Cash, cash equivalents and investments, at fair value	$ 171,494,340	$ 126,368,769	$ 127,090,632
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:			
Operating income (loss)	$ 29,493,797	$ 15,465,476	$ 985,394
Adjustments:			
Depreciation expense	26,050,754	10,001,172	9,728,818
Decrease (Increase) in receivables	(6,441,647)	(782,656)	(503,158)
Decrease (Increase) in interfund receivables	(2,188,332)	(120,998)	(10,647)
Decrease (Increase) in inventories	-	-	-
Decrease (Increase) in customer deposits	2,477,906	-	-
Decrease (Increase) in prepaid items	(8,978,309)	-	-
Decrease (Increase) in other assets	8,717,008	-	-
Increase in escrow deposits	-	-	-
Increase (Decrease) in accounts payable	1,746,072	(279,646)	(2,401,509)
Decrease in unearned revenue	-	-	-
Increase (Decrease) in compensated absences payable	209,466	(13,893)	(51,228)
Increase (Decrease) in net municipal pension balances	(1,648,470)	(555,192)	(568,445)
Increase (Decrease) in other post-employment benefit balances	238,904	183,628	189,105
Increase (Decrease) in closure/postclosure liability	-	-	-
Increase (Decrease) in interfund payables	370,529	-	-
Increase (Decrease) in lease deferred inflows	1,530,511	-	-
Total adjustments	22,084,392	8,432,415	6,382,936
Net cash provided (used) by operating activities	$ 51,578,189	$ 23,897,891	$ 7,368,330
NONCASH CAPITAL, INVESTING AND FINANCING ACTIVITIES:			
Decrease in fair value of investments	(1,515,463)	(1,090,712)	(1,088,191)
Increase (Decrease) in equity due to non-cash transfers	-	-	-
Capital asset contributions	-	10,699,169	25,170,698

The notes to the basic financial statements are an integral part of this statement.

(continued on the following page)

CITY OF DENTON, TEXAS
STATEMENT OF CASH FLOWS (concluded)
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2022

Exhibit X

	Business-type Activities - Enterprise Funds			Governmental Activities
	Solid Waste Fund	Airport Fund	Total Enterprise Funds	Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES:				
Cash received from customers	$ 41,210,811	$ 1,075,744	$ 412,632,339	$ 106,894,449
Cash paid to employees for services	(11,096,999)	(402,554)	(47,784,633)	(21,593,278)
Cash paid to suppliers	(16,470,605)	(801,198)	(268,488,097)	(84,692,376)
Net cash provided (used) by operating activities	13,643,207	(128,008)	96,359,609	608,795
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Transfers out	(235,000)	(1,428,910)	(3,489,912)	(1,829,552)
Transfers in	53,181	-	53,181	720,000
Proceeds from issuance of non-capital debt	-	-	-	-
Principal payments on non-capital debt	-	-	(6,695,000)	-
Interest and fiscal charges on non-capital debt	-	-	(1,029,725)	-
Net cash provided (used) by noncapital financing activities:	(181,819)	(1,428,910)	(11,161,456)	(1,109,552)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Proceeds from issuance of debt	7,357,088	-	121,498,855	4,353,075
Principal payments on capital debt	(4,944,426)	-	(56,155,527)	(637,600)
Interest and fiscal charges	(1,142,365)	-	(31,962,086)	(165,874)
Principal payments under capital lease obligation	-	-	-	-
Proceeds from gas wells	-	1,002,255	1,002,255	-
Proceeds from impact fees	-	-	29,917,197	-
Proceeds from capital contributions and transfers in	-	246,237	10,769,237	34,836
Proceeds from sale or reimbursement of capital assets	-	-	719,117	-
Acquisition and construction of capital assets	(10,776,770)	694,458	(92,390,819)	(2,686,336)
Net cash provided (used) by capital financing activities	(9,506,473)	1,942,950	(16,601,771)	898,101
CASH FLOWS FROM INVESTING ACTIVITIES:				
Proceeds from sale and maturities of investment securities	18,640,189	3,429,156	216,410,139	14,435,818
Purchase of investment securities	(24,658,929)	(4,202,689)	(314,993,225)	(17,507,425)
Interest received on investments	216,449	56,011	2,268,228	140,910
Proceeds from ownership investment	-	-	18,634,531	-
Net cash provided (used) by investing activities	(5,802,291)	(717,522)	(77,680,327)	(2,930,697)
Net increase (decrease) in cash and cash equivalents	(1,847,376)	(331,490)	(9,083,945)	(2,533,353)
Cash and cash equivalents at beginning of year	13,203,135	1,919,199	154,795,129	10,053,490
Cash and cash equivalents at end of year	11,355,759	1,587,709	145,711,184	7,520,137
Investments, at fair value (Note IV.A.)	24,991,005	3,494,125	320,671,155	15,992,836
Cash, cash equivalents and investments, at fair value	$ 36,346,764	$ 5,081,834	$ 466,382,339	$ 23,512,973
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:				
Operating income (loss)	$ 8,349,048	$ (1,095,302)	$ 53,198,413	$ (2,682,878)
Adjustments:				
Depreciation expense	6,680,867	1,115,287	53,576,898	3,623,301
Decrease (Increase) in receivables	(626,762)	(168,471)	(8,522,694)	(1,142,286)
Decrease (Increase) in interfund receivables	-	-	(2,319,977)	-
Decrease (Increase) in inventories	-	-	-	(3,537,446)
Decrease (Increase) in customer deposits	517,667	-	2,995,573	199,275
Decrease (Increase) in prepaid items	-	-	(8,978,309)	25,934
Decrease (Increase) in other assets	-	-	8,717,008	-
Increase in escrow deposits	-	-	-	(49,201)
Increase (Decrease) in accounts payable	(562,548)	9,496	(1,488,135)	1,622,855
Decrease in unearned revenue	-	-	-	-
Increase (Decrease) in compensated absences payable	(43,858)	27,552	128,039	(32,724)
Increase (Decrease) in net municipal pension balances	(766,764)	(26,747)	(3,565,618)	(1,494,703)
Increase (Decrease) in other post-employment benefit balances	250,873	10,177	872,687	380,813
Increase (Decrease) in closure/postclosure liability	(1,024,141)	-	(1,024,141)	-
Increase (Decrease) in interfund payables	123,595	-	494,124	2,443,348
Increase (Decrease) in lease deferred inflows	745,230	-	2,275,741	-
Total adjustments	5,294,159	967,294	43,161,196	2,039,166
Net cash provided (used) by operating activities	$ 13,643,207	$ (128,008)	$ 96,359,609	$ (643,712)
NONCASH CAPITAL, INVESTING AND FINANCING ACTIVITIES:				
Decrease in fair value of investments	(319,141)	(44,805)	(4,058,312)	(205,611)
Increase (Decrease) in equity due to non-cash transfers	181,819	-	181,819	-
Capital asset contributions	-	6,558,492	42,428,359	-

The notes to the basic financial statements are an integral part of this statement.

(concluded)

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Denton is a municipal corporation governed by an elected seven-member council consisting of a mayor elected at large and six councilpersons, four representing specific geographical districts and two elected at large. The City receives funding from state and federal government sources and must comply with the requirements of these funding source entities. However, the City is not included in any other governmental "reporting entity," as defined in pronouncements by the Governmental Accounting Standards Board (GASB), as council members are elected by the public and have decision-making authority, the authority to levy taxes, the power to designate management, the ability to significantly influence operations, and primary accountability for fiscal matters.

The financial statements of the City have been prepared to conform to accounting principles generally accepted (GAAP) in the United States of America as applicable to state and local governments. Generally accepted accounting principles for local governments include principles prescribed by GASB, the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the more significant policies.

A. Reporting Entity

An elected seven-member council consisting of a mayor and six councilpersons govern the City. As required by accounting principles generally accepted in the United States of America, these financial statements present the City (the primary government) and its component units, which are entities for which the City is considered to be financially accountable. Blended component units, although legally separate entities, are, in substance, part of the City's operations, and so data from these units are combined with data of the primary government. A discretely presented component unit, on the other hand, is reported in a separate column in the government-wide financial statements to emphasize it is legally separate from the City. The City had no component units, discretely presented or blended, at September 30, 2022.

B. Government-wide and Fund Financial Statements

The basic financial statements include both government-wide (based on the City as a whole) and fund financial statements. The reporting focus is either the City as a whole (government-wide financial statements) or major individual funds (within the fund financial statements). The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all non-fiduciary activities of the primary government. For the most part, the effect of inter-fund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The government-wide statement of activities demonstrates the degree to which the direct expenses of a functional category (public safety, public works, etc.) or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include (1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment; (2) grants and contributions that are restricted to meeting operational requirements of a particular function or segment; and (3) grants and contributions that are restricted to meeting the capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

The net cost (by function or business-type activity) is normally covered by general revenue (property taxes, sales taxes, franchise fees, interest income, etc.).

Separate fund financial statements are provided for governmental funds and proprietary funds. Major governmental funds and major enterprise funds are reported as separate columns in the fund financial statements. GASB Statement No. 34 sets forth minimum criteria (percentage of assets, liabilities, revenues or expenditures/expenses of either fund category and for the governmental and enterprise funds combined) for the determination of major funds. Non-major funds are combined in a column in the fund financial statements.

Internal service funds, which traditionally provide services primarily to other funds of the government, are presented in summary form as part of the proprietary fund financial statements. The financial statements of internal service funds are allocated (based on the percentage of goods or services provided) between the governmental and business-type activities when presented at the government-wide level.

The government-wide focus is more on the sustainability of the City as an entity and the change in aggregate financial position resulting from the activities of the fiscal period. The focus of the fund financial statements is on the major individual funds of the governmental and business-type categories, as well as the fiduciary funds (by category). Each presentation provides valuable information that can be analyzed and compared to enhance the usefulness of the information.

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund statements. Revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund-level financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized, and susceptible to accrual, as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Any amounts collected beyond the 60 days are recorded as deferred inflows of resources. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

The City reports the following major governmental funds:

The general fund is the City’s primary operating fund. All general tax revenues and other receipts that are not allocated by law or contractual agreement to some other fund are accounted for in this fund. From the fund are paid general operating costs, fixed charges and capital improvement costs that are not paid through other funds.

The debt service fund accounts for the accumulation of financial resources for the payment of principal, interest and related costs on general long-term debt, paid primarily by taxes levied by the City. On a budgetary-basis, the debt service fund also accounts for pass-through debt service payments from the self-supporting proprietary funds.

The capital projects fund accounts for financial resources used for the acquisition or construction of capital other than those recorded in the enterprise funds and internal service funds.

The ARPA fund accounts for the federal resources received by the City from the American Rescue Plan Act of 2021 and used for the programs as outlined by the plan.

Other governmental funds are a summarization of all of the non-major governmental funds.

The City reports the following major proprietary funds:

The City utility system is made up of three separate funds as follows:

The electric fund accounts for electrical utility services to the residents and commercial establishments of the City. Activities necessary to provide such services are accounted for in the fund, including, but not limited to, administration, operations, maintenance, finance and related debt service.

The water fund accounts for water utility services to the residents and commercial establishments of the City. Activities necessary to provide such services are accounted for in the fund, including, but not limited to, administration, operations, maintenance, finance and related debt service.

The wastewater fund accounts for sewer and storm water services to the residents and commercial establishments of the City. Activities necessary to provide such services are accounted for in the fund, including, but not limited to, administration, operations, maintenance, finance and related debt service.

The City provides additional services through the following funds:

The solid waste fund accounts for the provision of solid waste services to the residents of the City. Activities necessary to provide such services are accounted for in the fund, including, but not limited to, administration, operations, maintenance, finance and related debt service.

The airport fund accounts for the airport services to the public and is funded through operational and gas well revenues. Activities necessary to provide such services are accounted for in the fund, including, but not limited to, administration, operations, maintenance, and finance.

The City additionally reports the following funds:

Internal service funds are used to account for the financing of materials and services provided by one department of the City to other departments of the City on a cost-reimbursement basis.

The materials management fund accounts for the financing of the goods and services of the purchasing department as well as the management and inventory of the City warehouse activities.

The fleet services fund accounts for the financing of goods and services provided by the activities of the City garage and machine shop to other departments.

The health insurance fund accounts for the accumulation of resources for the self-insurance activities of the City for employee medical insurance as well as other employee insurance benefits including long-term disability, short-term disability, and dental and vision insurances.

The risk retention fund accounts for the accumulation of resources for the payment of activities associated with providing general liability insurance coverage and self-funded activities for City departments.

The technology services fund accounts for financing and management of technology equipment, software, and services such as programming, support, training, maintenance, and office services to City departments.

The engineering services fund accounts for providing engineering, real estate, public works inspection, and development review services primarily to City departments although some services are provided to and paid by external entities.

The customer service fund accounts for providing customer service activities to residents and businesses for City departments. Services include bill pay, utility service requests, connect/disconnect services, maintenance of customer accounts, utility billing, operator calls, collections, accounts receivable, and cash handling.

The facilities fund accounts for the maintenance of all city-owned facilities and vertical construction projects.

The City does not have any fiduciary funds as of fiscal year ending September 30, 2022.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's electric, water, wastewater, solid waste, and airport funds are charges to customers for services. Operating expenses for the enterprise funds and internal service funds include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed.

D. Budgetary Information

The City Council follows these procedures, as prescribed by City Charter, in establishing the budgets reflected in the financial statements:

1. Within the time period required by law, the City Manager submits to the City Council a proposed budget for the fiscal year beginning on the following October 1. The operating budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted prior to the adoption of the budget in order to obtain taxpayer comments.
3. The annual budget adopted by the City Council covers the general fund, non-major special revenue funds (Recreation Fund, Police Confiscation Fund, Tourist and Convention Fund, Gas Well Revenues Fund, Street Improvement Fund, and the Citizens' Park Trusts), the debt service fund, the enterprise funds, and internal service funds. The budget is legally enacted by the City Council through passage of an ordinance prior to the beginning of the fiscal year. The basic financial statements reflect the legal level of control, (i.e. the level at which expenditures cannot legally exceed the appropriated amount) which is established at the total fund level as approved by City Council.
4. The City Charter provides for the City Manager to transfer any part of the unencumbered appropriation balance or the entire balance thereof between programs or general classifications of expenditures within an office, department, agency or organizational unit. (The City Council defines an organizational unit as set forth in Article VIII, Section 8.07 of the City Charter, to be a fund that has been appropriated by the City Council.) City Council approval is not required up to the fund level. The Charter also provides that at any time during the year, at the request of the City Manager, City Council may by resolution transfer any part of the unencumbered appropriation balance or the entire balance thereof from one office, department, agency, or organizational unit to another, as well as make any increases in fund appropriations.

Budgets are adopted on a basis for the governmental funds and the budgeted special revenue funds that is generally consistent with generally accepted accounting principles. Budgets for enterprise funds are prepared on the full accrual basis, except certain noncash transactions such as depreciation expense and amortization on debt issuance costs where it is not budgeted, and debt service payments where it is budgeted. Also, during the budgetary process, amounts are included in all fund budgets to recognize administrative transfers between funds for goods or services. These amounts are not included in the reporting of actual activity for the funds. For funds reporting required budget-to-actual comparisons, these administrative transfers are included as adjustments – budgetary basis.

Appropriations in all budgeted funds lapse at the end of the fiscal year even if they have related encumbrances. Encumbrances are commitments related to unperformed contracts for goods or services (i.e., purchase orders and contracts). While all appropriations and encumbrances lapse at year end, valid outstanding encumbrances are re-appropriated against the subsequent year's budget, reducing the available appropriations for additional expenditures.

E. Assets, Liabilities and Net Position or Equity

1. Cash, cash equivalents and investments

The City's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition. Investments are carried at fair value, except for the position in local government investment pools. Fair value is determined as the price at which two willing parties would complete an exchange.

The City uses a pooled cash and investment fund to hold and account for all of the City's investments. For financial reporting purposes, the investment balances in the pooled fund are allocated back to the individual funds based on their respective share of the pooled total. Interest earned on investments is also allocated back and recorded directly to the individual funds on a monthly basis.

2. Receivables

Outstanding balances between funds are reported as "interfund receivables/payables." Any residual balances between governmental activities and business-type activities are reported in the government-wide statements as "internal balances."

Trade, property tax receivables, and municipal court receivables are shown net of an allowance for uncollectible accounts. The City accrues amounts for utility services provided in September, but not billed at September 30, 2022.

3. Inventories

Inventories of supplies are maintained at the City warehouse for use by all City funds and are accounted for by the consumption method. Cost is determined using a moving average method. No inventories exist in the governmental fund types.

4. Prepaid items

Certain costs applicable to future accounting periods are recorded as prepaid items. Most of these balances are due to payments into an account for energy settlements in the Electric Fund and health claims in the Employee Insurance Fund.

5. Other Assets

Certain costs applicable to future accounting periods are recorded as other assets. In a prior fiscal year the City fully impaired its TMPA prepaid purchase power due to a permanent closure in generation and subsequent sale of the plant. The impaired amount was recorded as an Other Asset (regulatory) to be amortized over 7.5 years in the electric fund, of which 2.5 years is remaining in the electric fund to be recovered through rate revenues. See note IV.F. for more information on Other Assets and V.E. *Agreement with TMPA* for further information regarding TMPA.

6. Restricted assets

Certain proceeds of the City's governmental and proprietary fund general obligation bonds and certificates of obligation, as well as certain resources set aside for their repayment, are classified as restricted assets on the balance sheet because their use is limited by applicable bond covenants. Assets collected from impact fees are limited by state statute in use and also shown as restricted on the balance sheet of the Water and Wastewater funds.

7. Capital assets

Capital assets, which include property, plant, equipment and infrastructure assets (e.g., roads, bridges, sidewalks and similar items) are reported in applicable governmental or business-type activities columns in the government-wide financial statements and in the proprietary fund financial statements. The City defines capital assets as assets with an initial, individual cost of more than $5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if

purchased or constructed. Donated capital assets are recorded at acquisition value, which is the price that would be paid to acquire an asset with equivalent service potential at the acquisition date. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Capital assets are depreciated using the straight-line method over the following useful lives:

Assets	Years
Buildings	40
Infrastructure	20 – 40
General improvements	10
Machinery and equipment	10 – 20
Furniture and office equipment	10
Computer equipment/software	3 – 10
Plant and equipment	5
Underground pipe	40
Water storage rights	50 – 100
Water recreation rights	50
Communication equipment	5
Vehicles	3 – 10

Renewals and betterments of property and equipment are capitalized, whereas normal repair and maintenance are charged to expense as incurred.

8. Compensated absences

The City allows full-time employees to accumulate unused vacation time without a maximum balance. Upon termination, accumulated vacation time up to 320 hours (480 for civil service fire employees) will be paid to an employee. Generally, sick leave is not paid upon termination except for civil service fire fighters and police officers. Firefighters and police officers accumulate for payout unused sick leave up to a maximum of 1080 hours and 720 hours, respectively. All other employees are paid only upon illness or other valid sick leave uses while employed by the City. Accumulated vacation and sick leave is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements but have not been paid this amount at the end of the fiscal year. The General Fund and Other Governmental Funds are used to record any payout expenditures of the governmental funds' employees and related liability, while proprietary fund payouts for their employees are recorded as reductions to the liabilities in those funds.

9. Arbitrage

Arbitrage involves the investment of the proceeds from the sale of tax-exempt bonds in taxable instruments and securities authorized by the Public Funds Investment Act (Texas Government Code, Chapter 2256) that yield a higher rate, resulting in interest revenue in excess of interest costs. Federal tax code requires that these excess earnings be rebated to the federal government. The Capital Projects Fund has been used in prior years to liquidate governmental funds' related liability. There were no arbitrage payments in the current fiscal year.

10. Pensions

For purposes of measuring the net pension liability, pension-related deferred outflows and inflows of resources, and pension expense, information about the Fiduciary Net Position of the Texas Municipal Retirement System (TMRS) and the Firemen's Relief and Retirement Fund (FRRF) and additions to/deductions from TMRS's and the FRRF's Fiduciary Net Position have been determined on the same basis as they are reported by TMRS and the FRRF. For this purpose, plan contributions are recognized

in the period that compensation is reported for the employee, which is when contributions are legally due. Benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

11. Other post-employment benefits

The City participates in a single-employer, unfunded, defined benefit group-term life insurance plan operated by the Texas Municipal Retirement System (TMRS) known as the Supplemental Death Benefit Fund (SDBF). The City elected, by ordinance, to provide group-term life insurance coverage to both current and retired employees. The funding policy for the SDBF program is to assure that adequate resources are available to meet all death benefit payments for the upcoming year rather than prefunding. Benefit payments are treated as being equal to the City's yearly contribution for retirees. For purposes of measuring the total SDBF OPEB liability, related deferred outflows and inflows of resources, and expense, City specific information about its total SDBF liability and additions to/deductions from the City's total SDBF liability have been determined on the same basis as they are reported by TMRS. The SDBF expense and deferred (inflows)/outflows of resources related to SDBF, primarily result from changes in the components of the total SDBF liability. Most changes in the total SDBF liability will be included in SDBF expense in the period of the change. For example, changes in the total SDBF liability resulting from current-period service cost, interest on the Total OPEB Liability, and changes of benefit terms are required to be included in SDBF expense immediately. Changes in the total SDBF liability that have not been included in SDBF expense are required to be reported as deferred outflows of resources or deferred inflows of resources related to SDBF.

The City provides post-employment medical care (Medical OPEB) for retired employees through a single-employer defined benefit medical plan. The plan provides medical benefits for eligible retirees, their spouses, and their dependents through the City's group health insurance plans. By providing retirees with access to the City's healthcare plans based on the same rates it charges to active employees, the City is in effect providing a subsidy to retirees. This implied subsidy exists because, on average, retiree healthcare costs are higher than active employee healthcare costs. By the City not contributing anything toward the plan in advance, the City employs a pay-as-you-go method through paying the higher rate for active employees each year. The City also contributes up to $200 per month, based on years of service, toward the cost of retiree coverage. As an irrevocable trust has not been established, the plan is not accounted for as a trust fund. For this purpose, plan contributions are recognized in the period that the direct and indirect subsidies are paid by the City. Total OPEB liability, OPEB-related deferred outflows and inflows of resources, and OPEB expense is based on the actuarial measurement dates.

12. Long-term obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term obligations are reported as liabilities. Bond premiums and discounts are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount. Gain/loss on refunding are reported as deferred outflow/inflow and recognized as a component of interest expense over the remaining life of the old debt or life of the new debt, whichever is shorter.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

13. Fund equity

The City follows GASB Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions", and in accordance with the statement, the classifications of governmental fund balances are presented as follows:

*Nonspendable fund balance*s – includes amounts not in a spendable form or are legally or contractually required to be maintained intact. Examples include inventory or endowments.

Restricted fund balance – includes amounts that can be spent only for the specific purposes stipulated by external resource providers, creditors, grantors, and contributors or through enabling legislation.

Committed fund balance – includes amounts that can be used only for the specific purposes determined by the City Council through an ordinance and may only be changed or lifted through another ordinance. The ordinance must either adopt or rescind the commitment, as applicable, prior to the last day of the fiscal year for which the commitment is made. The amount subject to the constraint may be determined in the subsequent period.

Assigned fund balance - comprises amounts intended to be used for specific purposes. Intent can be expressed by the City Council, or per the policy adopted by an ordinance by the City Council, the City Manager or the City Manager's designee (assistant city manager) may also make an assignment. In governmental funds other than the general fund, assigned fund balance represents the amount that is not restricted or committed and, at a minimum, is intended for the purpose of that fund.

Unassigned fund balance – is the residual classification of the general fund and includes all amounts not constrained in the other classifications. Unassigned amounts are technically available for any purpose. The General Fund is the only fund to report a positive unassigned fund balance amount. However, other governmental funds may report a negative unassigned fund balance as necessary if expenditures incurred for specific purposes exceed the amounts restricted, committed, or assigned for those purposes.

When multiple categories of fund balance are available for expenditure and approved for use by the City Council, the City will start with the most restricted category and spend those funds first before moving down to the next category with available funds. Normally this would result in the use of restricted, then committed, then assigned, and lastly, unassigned fund balance.

14. Minimum fund balance policy

It is the goal of the City to achieve and maintain an unassigned fund balance in the General Fund equal to 20% of budgeted expenditures. An additional 5% resiliency reserve (25% combined total) may be maintained to safeguard against unusual financial circumstances or economic downturns.

15. Net position

Net position represents the difference between assets, deferred inflows, deferred outflows, and liabilities. Net investment in capital assets consists of capital assets net of accumulated depreciation and the outstanding balances of any borrowing spent for the acquisition, construction or improvements of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

16. Deferred outflows and inflows of resources

In addition to assets, the statement of net position and/or balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net assets that applies to future periods and will not be recognized as an outflow of resources, either expenses or expenditures, until that time. The City reports the following items qualifying for this category:

- Deferred loss on refunding reported in the statements of net position - A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price and is amortized over the shorter of the life of the refunded or refunding debt.

- Deferred pension actuarial losses reported in the statement of net position – A deferred charge is recorded for the difference between actual experience and expected experience during the period between two actuarial valuations and is amortized over future periods.
- Deferred pension and other postemployment benefit plan contributions reported in the statement of net position – A deferred charge is recorded for pension contribution amounts paid by the City after the current year's measurement date (December 2021) and will be fully recognized as a reduction of the respective liability in the next period on the next measurement date (December 2022).
- Deferred pension and other postemployment benefit plan actuarial assumption changes – A deferred charge is recorded for the difference due to assumption changes and amortized over future periods.

In addition to liabilities, the statement of net position and/or balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets that applies to future periods and will not be recognized as an inflow of resources, or revenues, until that time. The City reports the following items qualifying for reporting in this category:

- Deferred gain on refunding reported in the statements of net position - A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price and is amortized over the shorter of the life of the refunded or refunding debt.
- Deferred pension excess earnings reported in the statement of net position – A deferred charge is recorded for the difference between actual investment earnings and expected investment earnings during the period and is amortized over future periods.
- Deferred pension and other postemployment benefit plan actuarial gains reported in the statement of net position – A deferred charge is recorded for the difference between actual experience and expected experience during the period between two actuarial valuations and is amortized over future periods.
- Deferred pension and other postemployment benefit plan actuarial assumption changes – A deferred charge is recorded for the difference due to assumption changes and amortized over future periods.
- Deferred amounts related to leases are reported for leases in which the City is the lessor – A deferred amount recorded to initially offset the total lease receivable recorded at lease commencement and is subsequently amortized as lease revenue over the life of the lease term.
- Deferred unavailable revenues reported on the balance sheet of the governmental funds – A deferred amount is recorded for the billed revenues not yet collected or available. These amounts are deferred and recognized as inflow of resources in the period the amounts become available.

17. Leases

A lease is defined as a contract conveying control of the right to use another entity's nonfinancial asset as specified in the contract for a period of greater than one year, in an exchange or exchange-like transaction.

City as lessee

The City is not currently a lessee for noncancelable leases of land, buildings, equipment, or other assets. If the City had these types of agreement, the City would recognize a lease liability and an intangible right-to-use leased asset (lease asset) in the Government-wide and Proprietary Fund financial statements. Reporting would include Lease assets with depreciable capital assets and lease liabilities with long-term liabilities. At the commencement of a lease, the City would measure the lease liability at the present value of payments expected to be made over the course of the lease term. Subsequently, the lease liability would be reduced by the principal portion of the lease payments made. The lease asset would be measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease

commencement date, plus certain initial direct costs. Subsequently, the lease asset would be amortized on a straight-line basis over the remaining lease term. Variable lease payments based on usage of the underlying assets would not be included in the lease liability calculations but recognized as outflows of resources in the period in which obligations are incurred.

Key estimates and judgements related to leases in which the City would be a lessee are as follows:

- The lease term would include the noncancelable period of the lease. Extension options would be included in the lease term unless it is reasonably certain that they will not be exercised.
- The City would use the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the City would use its estimated incremental borrowing rate as the discount rate for leases.
- Leases with payments depending on an index or rate, such as the Consumer Price Index or market rate, would be initially measured using the index or rate as of the commencement of the lease term.
- Leases with periodic percentage payment increases or flat rate payment increases specified in the lease terms would be included in the measurement of the lease liability.

The City would monitor changes in the circumstances requiring remeasurement of its leases and will remeasure the lease assets and liabilities if certain changes occur that are expected to significantly affect the amount of the lease liabilities.

City as lessor

The City is a lessor for noncancelable leases of land, buildings, and equipment. The City recognizes a lease receivable and a deferred inflow of resources in the Government-wide, Governmental, and Proprietary Fund financial statements. At the commencement of a lease, the City measures the lease receivable at the present value of payments expected to be received over the life of the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the lease term.

Key estimates and judgements related to leases in which the City is a lessor are as follows:

- The lease term includes the noncancelable period of the lease. Extension options are included in the lease term unless it is reasonably certain that they will not be exercised.
- The City uses its incremental borrowing rate as the discount rate for leases.
- Leases with payments depending on an index or rate, such as the Consumer Price Index or market rate, are initially measured using the index or rate as of the commencement of the lease term.
- Leases with periodic percentage payment increases or flat rate payment increases specified in the lease terms are included in the measurement of the lease receivable.

The City monitors changes in circumstances requiring a remeasurement of its leases and will remeasure the lease receivables and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivables.

F. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses/expenditures during the reporting period. Actual results could differ from those estimates.

G. Prior Period Adjustment

An adjustment has been recorded to account for the recognition of intergovernmental revenues received in advance and held as an unearned revenue liability. This entry recognized a portion of the unearned liability as expended and earned as reported to the granting agency in the prior year. The entry increased the beginning fund balance of the capital projects fund and the beginning net position of governmental activities in the government-wide statement of activities and decreased the unearned revenues liability by $9,072,792.

II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

Explanation of certain differences between the governmental fund statement of revenues, expenditures and changes in fund balances and the government-wide statement of activities

An element of that reconciliation states, "Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. This is the amount by which proceeds exceeded payments." The details of this ($42,358,725) difference are as shown on the following page:

Debt issued or incurred:	
Issuance of general obligation debt	$(57,765,000)
Issuance of certificates of obligation	(8,570,000)
Principal repayments:	
General obligation debt principal retirement	12,723,842
Certificates of obligation principal retirement	9,045,000
Refunded debt principal	2,207,433
Net adjustment to decrease net changes in fund balances – total governmental funds to arrive at changes in net position of governmental activities	$(42,358,725)

Another element of that reconciliation states, "The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins and donations) is to increase net position." The details of this $19,464,442 difference are as follows:

Net effect of transactions involving asset retirements/disposals	$ (1,920,880)
Donations of capital assets increase net position in the statement of activities but do not appear in the governmental funds because they are not financial resources	21,385,322
Net adjustment to increase net changes in fund balances - total governmental funds	$ 19,464,442

Another element of that reconciliation states, "Certain expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds." The details of the $6,277,913 difference are as follows:

Change in:	
Compensated absences	$ (1,843,403)
Net pension liability	22,092,099
Municipal pension deferred actuarial gains/losses	(18,476,647)
Municipal pension deferred contributions	599,692
Municipal pension deferred assumption changes	(751,392)
Municipal pension deferred economic differences	6,723,037
Total OPEB liability	(332,787)
OPEB deferred contributions	118,159
OPEB deferred assumption changes	(940,027)
OPEB deferred economic differences	(607,441)
Accrued interest	(303,377)
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities	$ 6,277,913

III. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Deficit Fund Equity

The Criminal Justice fund had a deficit fund balance of ($87,873) at September 30, 2022 due to reimbursement timing and clears in fiscal year 2022-2023. The Materials Management, Risk Retention, Engineering Services, and Customer Service internal service funds had deficit net positions of ($475,060), ($3,668,776), ($2,641,704), and ($1,943,974), respectively, due to the implementation of GASB Statement No. 68 "*Accounting and Financial Reporting for Pensions-an amendment of GASB Statement No. 27"* and GASB Statement No.75 *"Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions"(OPEB)* which resulted in an increase in the net pension liability and the total OPEB liability in the prior years during implementation.

IV. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

In order to facilitate effective cash management practices, the operating cash of all funds is pooled into a common account for the purpose of increasing income through combined investment activities. At year-end, the City had $264,968,510 in cash and cash equivalents of which $9,668 is in petty cash.

The Public Funds Investment Act (Texas Government Code) authorizes the City to invest in obligations of the U.S. Treasury, U.S. agencies, fully collateralized repurchase agreements, public fund investment pools, SEC-registered no-load money market mutual funds, municipal securities of any state rated A or better, certificates of deposit (fully collateralized, insured, and standby letters of credit backed), and commercial paper rated not less than A-1 or P-1 with a stated maturity of no more than 365 days. The City's investment policy may further restrict those investment options. The investments reported on September 30, 2022 were similar to those held during the fiscal year.

The City reports all investments in the financial statements at fair value. At September 30, 2022, the City's investments carried a fair value of $743,098,754, of which $200,000,000 was in a local governmental investment pool which the City classifies in the financial statements as cash equivalents, resulting in $543,098,754 of investment balances reported in the financial statements.

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. GASB Statement No. 72, Fair Value Measurement and Application establishes an authoritative definition of fair value, sets a framework for measuring fair value, and requires additional disclosures about fair value measurements. The fair value hierarchy categorizes the inputs to valuation techniques used to measure fair value into three levels.

- Level 1 inputs are quoted prices (unadjusted) for identical assets or liabilities in active markets a government can access at the measurement date.
- Level 2 inputs are inputs, other than quoted prices included within Level 1, observable for an asset or liability, either directly or indirectly.
- Level 3 inputs are unobservable inputs for an asset or liability.

The fair value hierarchy gives the highest priority to Level 1 inputs and the lowest priority to Level 3 inputs. If a price for an identical asset or liability is not observable, a government should measure fair value using another valuation technique maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs. If the fair value of an asset or a liability is measured using inputs from more than one level of the fair value hierarchy, the measurement is considered to be based on the lowest priority level input significant to the entire measurement.

At September 30, 2022, the City had the following recurring fair value investments:

		Fair Value Measurement Method			
	9/30/2022	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Percent of Total Investments	Weighted Average Maturity (Days)
Investments Measured at Amortized Cost:					
TexSTAR - Investment Pool	$ 50,000,000	$ -	$ -	6.73%	1
TexPool - Investment Pool	150,000,000	-	-	20.19%	1
Investments by Fair Value Level:					
Debt Securities:					
U.S. Treasury Securities	324,214,380	324,214,380	-	43.63%	320
U.S. Agency Securities	145,010,801	-	145,010,801	19.52%	445
U.S. Agency Securities - Callable	9,892,668	-	9,892,668	1.34%	236
Commercial Paper	63,980,905	-	63,980,905	8.61%	135
Total Investments	$ 743,098,754	$ 324,214,380	$ 218,884,374		
Portfolio Weighted Average Maturity					241

Of the investments recorded at fair value, the U.S treasuries are valued on trade history pricing models of those securities, and the U.S. agency securities, commercial paper, and municipal bonds are valued based upon observable inputs, including but not limited to, model prices for similar assets, benchmark yield curves, and matrix pricing.

Interest rate risk. In accordance with its investment policy, the City manages its exposure to declines in fair values due to interest rate fluctuations by limiting the weighted average maturity of its investment portfolio to less than eighteen months.

Credit risk. The City's investment policy limits investments to obligations of the United States of America and its agencies, investment quality obligations of the State of Texas (including agencies, municipalities, counties, and other political subdivisions) with a rating not less than AA, certificates of deposits and savings deposits (fully insured, collateralized, or standby letter of credit backed), fully collateralized repurchase agreements, local public fund investment pools with a dollar weighted average maturity of 60 days or less,

U.S. government money market mutual funds with a dollar weighted average maturity of 60 days or less and a stable net asset value of $1 for each share, and commercial paper that has a maturity of 270 days or less and a minimum rating of A-1, P-1, or an equivalent rating by at least two nationally recognized rating agencies. The City's investments in TexSTAR and TexPool were rated "AAAm" by Standard & Poor's, the highest rating a local government investment pool can achieve.

Custodial credit risk. This is the risk that in the event of a bank or counterparty failure, the City's deposits may not be returned. The policy states that all bank deposits of City funds shall be secured by pledged collateral with a market value equal to no less than 102 percent of the principal plus accrued interest less an amount insured by FDIC. As of September 30, 2022, the bank balance for deposits was $66,781,155 and was fully collateralized by the City's third-party custodian, BNY Mellon.

Concentration of Credit Risk. The City's investment policy minimizes the risk of potential loss by diversifying investment types according to the following limitations based on value: U.S. Treasury bills/notes/bonds (100%), U.S. Agencies and Instrumentalities (100%), State of Texas Obligations – including agencies and local governments (15%), local government investment pools (50% in government securities and 15% in prime securities), repurchase agreements (20%), certificates of deposit (35%), savings deposits (15%), U.S. Money Market Mutual Funds (50%), callable U.S. Agencies and Instrumentalities (20%), and commercial paper (15%).

Local Government Investment Pools. During the year, the City invested in two public fund investment pools, TexSTAR and TexPool. The fair value of the position of TexSTAR is measured at net asset value, and the fair value of the position of TexPool is measured at amortized cost. Each pool's governing body is comprised of individuals who are employees, officers, or elected officials of participants in the funds or who do not have a business relationship with the fund and are qualified to advise. Investment objective and strategies of the pools are to seek preservation of principal, liquidity and current income through investment in a diversified portfolio of short-term marketable securities. Pools offer same day access to investment funds, which may be redeemed daily. As the redemption period is only one day or less, the City classifies these balances in the financials as cash equivalent. The pools may only impose restrictions on redemptions in the event of a general suspension of trading on major securities markets, a general banking moratorium, or a national state of emergency affecting the pool's liquidity. The City has no unfunded commitments related to the investment pool.

Cash, cash equivalents and investments, at fair value are reported together on the financial statements. Investments, at fair value, by fund were as follows:

	General Fund	Debt Service	Capital Projects	Other Governmental Funds
Unrestricted investments	$ 26,862,785	$ 1,640,633	$ 152,591,931	$ 27,701,575
Change in fair value	(303,900)	(18,561)	(1,726,291)	(313,409)
Restricted investments	-	-	-	-
Change in fair value	-	-	-	-
Total	$ 26,558,885	$ 1,622,072	$ 150,865,640	$ 27,388,166

	Electric	Water	Wastewater	Solid Waste
Unrestricted investments	$ 65,611,173	$ 34,782,906	$ 31,572,531	$ 9,361,135
Change in fair value	(742,267)	(393,503)	(357,183)	(105,903)
Restricted investments	53,652,727	53,098,760	56,811,286	15,915,832
Change in fair value	(606,980)	(600,712)	(642,713)	(180,059)
Total	$ 117,914,653	$ 86,887,451	$ 87,383,921	$ 24,991,005

	Airport	Internal Service Funds	Total City Investments
Unrestricted investments	$ 2,008,723	$ 10,660,203	$ 362,793,595
Change in fair value	(22,725)	(120,601)	(4,104,343)
Restricted investments	1,525,384	5,515,633	186,519,622
Change in fair value	(17,257)	(62,399)	(2,110,120)
Total	$ 3,494,125	$ 15,992,836	$ 543,098,754

B. Property Tax Revenue

Property taxes attach as an enforceable lien on property as of January 1st. Taxes are levied on October 1st and are due and payable at that time; therefore, the legally enforceable claim arises on October 1st. A receivable is recorded at that time. All unpaid taxes levied October 1st become delinquent February 1st of the following year.

Property taxes at the fund level are recorded as receivables and revenue in the period they become available. Current-year revenues recognized are those Ad valorem taxes collected within the current period or soon enough thereafter to pay current liabilities, which is sixty days after year-end. All other outstanding receivables are adjusted from revenue and recognized as deferred inflows of resources for future collections. Current tax collections for the year ended September 30, 2022 were 99.60% of the tax levy. An allowance is provided for delinquent taxes not expected to be collected in the future.

At September 30, 2022, the City had a tax rate of $0.565823 per $100 valuation. Based upon the maximum Ad valorem tax of $2.50 per $100 valuation imposed by Texas Constitutional law, the City had a tax rate margin of $1.934177. Additional revenues up to $278,056,120 could be raised per year based on the current year's certified assessed value of $14,375,939,727 before the limit is reached.

On December 7, 2010, the City Council approved a Tax Increment Financing Reinvestment Zone (TIRZ #1) for the purpose of dedicating the increase in tax revenues generated within the TIRZ district for development in the downtown area of the City for a total of 30 years. The tax increment to be paid is 100% of the increment in years 1-5, 95% in years 6-10, 90% in years 11-20, and 85% in years 21-30. In fiscal year 2022, the total assessed value of $232,894,462 after supplemental adjustments for TIRZ #1 was an increase of $153,537,608 over the base fiscal year 2011 assessed value and resulted in $781,876 of property tax revenue recorded in the TIRZ Fund as part of All Other Special Revenue Funds.

On December 18, 2012, the City Council approved a Tax Increment Financing Reinvestment Zone (TIRZ #2) for the purpose of dedicating 40% of the increase in tax revenues generated within the TIRZ district for development in the Westpark Industrial District for a total of 25 years. In fiscal year 2022, the assessed value of $226,991,678 after supplemental adjustments was an increase of $226,872,220 over the base fiscal year 2014 assessed value and resulted in $513,478 of property tax revenue recorded in the TIRZ Fund as part of All Other Special Revenue Funds. Denton County participates in the zone and based on their tax rate and a participation contribution of 40% of the County's tax rate, $211,523 of property tax revenue was generated for Fiscal Year 2022.

The City created the Rayzor Ranch Public Improvement District No. 1 in 2014 for the undertaking and financing of public improvements authorized by Chapter 372 of the Texas Local Government Code. The project is located on the City's northern sector, east of Interstate 35, and encompasses approximately 229.693 contiguous acres. The estimated costs of the proposed public improvements total $40 million. The authorized improvement costs will be apportioned 100% to the District. The method of assessment will impose equal shares of the costs of the proposed public improvements on parcels that are similarly benefited. No City property will be assessed, and the City will not be obligated to pay any assessments.

C. Receivables

Receivables at September 30, 2022 for the City's individual major funds and other funds (non-major funds, internal service funds and fiduciary funds), including the applicable allowances for uncollectible accounts, are as follows:

	General Fund	Debt Service	Capital Projects	ARPA Fund	Other Governmental Funds	Electric
Receivables:						
Taxes	$11,368,267	$ 480,238	$ -	$ -	$ 321,137	$ -
Accounts	334,096	-	-	-	51,925	13,551,650
Accrued interest	109,785	6,705	623,628	5,990	113,215	487,419
Unbilled utility service	-	-	-	-	-	10,534,590
Lease	139,506	-	-	-	-	1,429,584
Other - EMS Services	6,052,789	-	-	-	-	-
Other	3,816,558	-	-	-	68,635	12,442,755
Gross receivables	21,821,001	486,943	623,628	5,990	554,912	38,445,998
Less: Allowance for uncollectibles	(8,501,516)	(198,358)	-	-	(22,329)	(1,024,591)
Net total receivables	$13,319,485	$ 288,585	$ 623,628	$ 5,990	$ 532,583	$ 37,421,407

	Water	Wastewater	Solid Waste	Airport	Internal Service Funds	Total
Receivables:						
Taxes	$ -	$ -	$ -	$ -	$ -	$ 12,169,642
Accounts	2,970,774	1,902,533	1,681,908	65,551	414,050	20,972,487
Accrued interest	359,163	361,216	103,304	14,443	66,108	2,250,976
Unbilled utility service	2,996,663	1,949,062	2,087,379	-	-	17,567,694
Lease	-	-	722,552	-	1,254,327	3,545,969
Other - EMS Services	-	-	-	-	-	6,052,789
Other	-	-	-	316,880	161,652	16,806,480
Gross receivables	6,326,600	4,212,811	4,595,143	396,874	1,896,137	79,366,037
Less: Allowance for uncollectibles	(292,326)	(186,970)	(192,304)	(8,891)	(50,649)	(10,477,934)
Net total receivables	$ 6,034,274	$ 4,025,841	$ 4,402,839	$ 387,983	$ 1,845,488	$ 68,888,103

D. Capital Assets

Capital asset balances and transactions for the year ended September 30, 2022 are summarized below and on the following page.

Governmental activities:	Balance at October 1, 2021	Increases	Transfers and Decreases	Balance at September 30, 2022
Capital assets not being depreciated:				
Land	$ 27,970,870	$ 2,893,932	$ -	$ 30,864,802
Construction in progress	265,258,427	113,863,634	(48,850,604)	330,271,457
Total capital assets not being depreciated	293,229,297	116,757,566	(48,850,604)	361,136,259
Capital assets being depreciated:				
Buildings	89,695,730	12,859,625	-	102,555,355
Infrastructure	324,873,232	39,668,291	-	364,541,523
Machinery, equipment, and other improvements	140,190,383	12,719,793	(1,387,392)	151,522,784
Total capital assets being depreciated	554,759,345	65,247,709	(1,387,392)	618,619,662
Less accumulated depreciation for:				
Buildings	34,322,136	2,447,291	-	36,769,427
Infrastructure	204,536,429	12,586,002	-	217,122,431
Machinery, equipment, and other improvements	92,123,958	10,612,483	(1,382,480)	101,353,961
Total accumulated depreciation	330,982,523	25,645,776	(1,382,480)	355,245,819
Total capital assets, being depreciated, net	223,776,822	39,601,933	(4,912)	263,373,843
Governmental activities capital assets, net	$ 517,006,119	$ 156,359,499	$ (48,855,516)	$ 624,510,102

(continued)

Business-type activities:	Balance at October 1, 2021	Increases	Transfers and Decreases	Balance at September 30, 2022
Capital assets not being depreciated:				
Land	$ 75,498,576	$ 545,234	$ -	$ 76,043,810
Construction in progress	179,884,762	102,697,079	(57,090,695)	225,491,146
Total capital assets not being depreciated	255,383,338	103,242,313	(57,090,695)	301,534,956
Capital assets being depreciated:				
Buildings	40,480,124	-	(17,402)	40,462,722
Landfill improvements	28,806,178	3,768,243	-	32,574,421
Water rights	69,883,098	-	-	69,883,098
Infrastructure	631,523,780	57,521,400	(45,141)	689,000,039
Plant, machinery, equipment, and other improvements	894,272,921	26,424,632	(17,705,806)	902,991,747
Total capital assets being depreciated	1,664,966,101	87,714,275	(17,768,349)	1,734,912,027
Less accumulated depreciation for:				
Buildings	11,925,122	1,073,828	(14,146)	12,984,804
Landfill improvements	27,132,120	1,587,159	-	28,719,279
Water rights	22,534,258	695,988	-	23,230,246
Infrastructure	211,722,851	16,984,085	-	228,706,936
Plant, machinery, equipment, and other improvements	281,194,216	33,235,838	(12,898,040)	301,532,014
Total accumulated depreciation	554,508,567	53,576,898	(12,912,186)	595,173,279
Total capital assets, being depreciated, net	1,110,457,534	34,137,377	(4,856,163)	1,139,738,748
Business-type activities capital assets, net	$1,365,840,872	$ 137,379,690	$ (61,946,858)	$ 1,441,273,704

Depreciation expense was charged to activities of funds/functions/programs as follows:

Governmental activities:	
General government	$ 3,452,275
Public Safety	4,385,506
Public Works	11,505,393
Parks & Recreation	2,679,301
Capital assets held by the internal service funds are charged to the various functions based upon usage	3,623,301
Total depreciation expense - governmental activities	$ 25,645,776
Business-type activities:	
Electric	$ 26,050,754
Water	10,001,172
Wastewater	9,728,818
Solid Waste	6,680,867
Airport	1,115,287
Total depreciation expense - business-type activities	$ 53,576,898

Construction commitments:

The City has several major construction/capital projects planned or in progress as of September 30, 2022. These projects are evidenced by contractual commitments with contractors and include:

Project	Spent-to-Date	Remaining Commitment
Northwest Booster Pump Station and Transmission Line	$ 3,490,157	$ 12,850,699
2019/2020 Street Reconstruction	9,836,272	13,812,630
Solids Handling Improvements	1,548,213	13,704,393
Police Station	57,751,882	6,764,040
Fleet Services Expansion	623,795	5,406,247
Hickory Substation Reconstruction	18,768,332	5,183,815
Locust-to-Hickory Transmission Line	10,143,959	5,051,647
Hickory Creek Road Realignment	13,221,954	4,230,824
Bonnie Brae Street - South Construction	23,252,614	3,528,304
I35 - Masch Branch to Denton North	440,627	3,147,769
Denton Community Shelter (Loop 288 Property)	10,335,343	2,171,578
Tennis Center	4,161,443	1,454,317
Southeast Denton-A Water Distribution	359,279	1,354,486
Pecan Creek Water Reclamation Plant Headworks Reconfiguration	223,400	1,276,600
Southeast Denton-A Wastewater Collection	438,377	1,205,515

E. Interfund Receivables, Payables and Transfers

A summary of interfund receivables and payables (in thousands) at September 30, 2022, is as follows:

	Interfund Receivables:				
	Governmental Major Funds	Business-Type Major Funds			
Interfund Payables:	General Fund	Electric	Water	Wastewater	Total
Non-Major Governmental Funds	$ 872	$ -	$ -	$ -	$ 872
Electric	371	-	-	-	371
Solid Waste	124	-	-	-	124
Internal Service Funds	844	9,903	1,364	332	12,443
Total	$ 2,211	$ 9,903	$ 1,364	$ 332	$ 13,810

The more significant interfund receivables and payables include the following:

Interfund receivables	Interfund payables	Amount
Electric fund	Internal service funds-materials management	$ 9,902,835
Water fund	Internal service funds-materials management	1,363,819
General fund	Internal service funds-materials management	844,754
General fund	Non-Major Governmental Funds	871,689
Wastewater fund	Internal service funds-materials management	331,940

The outstanding balances between the Electric, Water, Wastewater, and General Fund related to the Materials Management Fund are a result of the cash position in the Materials Management Fund due to inventory purchases. The outstanding balance between the General Fund and the Non-Major Governmental Funds is due to reimbursement timing from outside sources.

Transfers between funds (in thousands) during the year were as follows:

	Transfers Out:								
	Governmental Major Funds		Business-Type Major Funds						
Transfers In:	General Fund	Non-Major Governmental Funds	Electric Fund	Water Fund	Wastewater Fund	Solid Waste	Airport Fund	Internal Service Funds	Total
Governmental Major Funds:									
General Fund	$ -	$ 3	$ -	$ -	$ -	$ -	$ -	$ -	$ 3
Debt Service Fund	-	-	-	-	-	-	723	-	723
Capital Projects Fund	4,866	8,701	-	-	-	-	-	1,302	14,869
Non-Major Governmental Funds	4,364	-	898	242	166	-	706	-	6,376
Electric Fund	-	-	-	-	-	-	-	288	288
Wastewater Fund	-	-	-	-	-	235	-	-	235
Solid Waste Fund	-	13	-	-	-	-	-	40	53
Internal Service Funds	-	-	520	-	-	-	-	200	720
Total	$ 9,230	$ 8,717	$ 1,418	$ 242	$ 166	$ 235	$ 1,429	$ 1,830	$23,267

The more significant transfers include the following:

Transfers from fund	Transfers to fund	Amount
Non-Major Gov't – Street Improvement Fund	Capital Projects	$ 5,601,808
General Fund	Capital Projects	5,248,336
General Fund	Non-Major Gov't – Recreation Fund	4,357,497
Business-type Major Funds (Electric, Water, and Wastewater)	Non-Major Gov't – Street Improvement Fund	1,306,002
Business-type Major Funds - Airport	Debt Service Fund	722,892

Transfers from the General Fund to the Non-Major Governmental Fund – Recreation was an operating subsidy as part of centralizing Park recreation programs all within the Recreation Fund. Transfers from the Non-Major Governmental Fund – Street Improvement Fund and from the General Fund were to fund capital projects such as streets, building renovations, equipment, and park improvements. Transfers from the Business-type Major Funds (Electric, Water, and Wastewater) to the Non-Major Governmental Fund – Street Improvement Fund were for bond savings costs related to the issuance of certificates of obligation, which fund street maintenance operations in the Street Improvements Fund. Transfers from Business-type Major Funds – Airport to the Debt Service Fund were to pay for Airport-related debt payments previously paid by property taxes.

F. Other Assets

In March 2010, the City issued Combination Tax & Electric Utility System Revenue Refunding Bonds, Series 2010 with a maturity of 15 years for prepaying certain contractual obligations to TMPA. The principal amount of the bonds was $58,820,000 with a reoffering premium and other bond issuance costs of $3,835,015 for a total of $62,655,015. As the proceeds of this debt issuance were placed with Texas Municipal Power Agency (TMPA) and the City received an economic benefit over a period of years, an Other Asset was recorded in the Electric Fund Statement of Net Position in the amount of $62,655,015. The City is amortizing the Other Asset over a period of 15 years with a half year convention the first and last years. See footnote V.E. for more information on TMPA.

In August 2014, the City issued General Obligation Refunding Bonds, Series 2014A with a maturity of 10 years for prepaying certain contractual obligations to TMPA. The principal amount of the bonds was $11,570,000 with a reoffering premium and other bond issuance costs of $1,848,651 for a total of $13,418,651. As the proceeds of this debt issuance were placed with TMPA and the City received an economic benefit over a period of years, an Other Asset was recorded in the Electric Fund Statement of Net Position in the amount of $13,418,651. The City is amortizing the Other Asset over a period of 10 years.

In August 2015, the City issued General Obligation Refunding Bonds, Series 2015A with a maturity of 9 years for prepaying certain contractual obligations to TMPA. The principal amount of the bonds was $2,955,000 with a reoffering premium and other bond issuance costs of $462,133 for a total of $3,417,133. As the proceeds of this debt issuance were placed with TMPA and the City received an economic benefit over a period of years, an Other Asset was recorded in the Electric Fund Statement of Net Position in the amount of $3,417,133. The City is amortizing the Other Asset over a period of 9 years.

In September 2017, the City impaired 37.9% of the of these Other Assets, for a total of $26,930,415. This was due to TMPA closing its power generation operations to seasonal activities only. The impaired portion was recorded as a GASB 62 Regulatory Asset in Other Assets to be amortized over the existing timelines originally established, through mid-year of fiscal year 2025.

In June 2019, TMPA notified Electric Reliability Council of Texas (ERCOT) of the plan to move the generation plant, Gibbons Creek, to a status of decommissioned and retired. The official effective date was October 2019. In September 2019, the City impaired the remaining portion of the Other Asset. The remaining impaired portion of the original Other Assets were recorded as a GASB 62 Regulatory Asset in Other Assets to also be amortized over the existing timelines originally established, through mid-year of fiscal year 2025.

In February 2021, the State of Texas experienced unprecedented freezing temperatures that put pressure on the availability of electric power (the "Weather Event"). Due to the high demand for power during this period and the limited availability of the power, the purchase price for power increased dramatically during this period. These energy price increases resulting in utilities, including the Electric Fund of the City of Denton, needing to access financial reserves to make payment to ERCOT for the power purchased necessary to service their customers. Due to the unparalleled dollar amount of the purchased power, the City of Denton issued $140 million of commercial paper to provide temporary funding for immediate cash flow needs. In September 2021, the City issued $141,990,000 of revenue refunding bonds to convert the outstanding commercial paper principal plus interest to debt to be paid over a period of 30 years. The Electric Fund recorded $140,000,000 of this purchased power expense as a regulatory asset in Other Assets to be amortized over the period of 30 years, starting with fiscal year ending September 30, 2022.

Capitalized Interest – In fiscal year 2021-2022, GASB Statement No. 89 "Accounting for Interest Cost Incurred before the End of a Construction Period" was implemented to eliminate capital interest associated with the construction of capital assets. As these interest costs add to the full capitalized costs associated with plant and infrastructure assets and provide an economic benefit over a period of years, a regulatory asset was established to continue capitalized interest for the Electric fund which recorded an addition of $1,621,039 for the current fiscal year. This amount will be amortized over the life of related assets to align with the recovery of costs through rates.

To qualify to utilize GASB 62, the following must apply:

- The regulated business-type activity's rate for regulated services provided to its customers are established by or are subject to approval of
- an independent, third-party regulator or by its own governing board empowered by statute or contract to establish rates that bind customers.
- The regulated rates are designed to recover the specific regulated business-type activity's costs of providing the regulated services.

In view of the demand for the regulated services or products and the level of competition, direct and indirect, it is reasonable to assume that rates set at levels that will recover the regulated business-type activity's costs can be charged to and collected from customers. This criterion requires consideration of anticipated changes in levels of demand or competition during the recovery period for any capitalized costs.

The City of Denton qualifies to utilize GASB 62 due to:

- State and local statues empower the City of Denton City Council to establish retail rates.
- The City of Denton specific costs are recovered through City of Denton retail rates.
- Current and projected customer demand support the recovery of City of Denton cost of service.

	Balance at October 1, 2021	Increases	Amortization	Balance at September 30, 2022	Years Remaining
Regulatory Assets:					
2010 TMPA Obligation	$ 14,619,504	$ -	$ 4,177,001	$ 10,442,503	2.5
2014 TMPA Obligation	4,025,595	-	1,341,865	2,683,730	2
2015 TMPA Obligation	1,139,044	-	379,682	759,362	2
2021 Weather Event	140,000,000.00	-	4,439,499	135,560,501	29
Capitalized Interest	-	1,621,039	-	1,621,039	10-40
Total Other Assets	$ 159,784,143	$ 1,621,039	$ 10,338,047	$ 151,067,135	

G. Long-term Debt

Long-term liabilities transactions for the year ended September 30, 2022 are summarized as follows below and on the following pages:

	Balance at October 1, 2021	Increases	Decreases / Transfers	Balance at September 30, 2022	Due Within One Year
Governmental Activities:					
General obligation bonds	$ 193,376,855	$ 57,805,000	$ 14,893,615	$ 236,288,240	$ 13,643,526
Certificates of obligation	115,145,000	12,565,000	9,655,000	118,055,000	9,535,000
Compensated absences payable	15,226,868	8,104,990	6,292,995	17,038,863	8,314,012
Claims and judgement payable	5,759,295	27,062,861	25,923,745	6,898,411	3,465,392
Net pension liability	51,146,801	-	25,926,746	25,220,055	-
Other post employment benefits	36,195,664	418,244	-	36,613,908	-
Unamortized premium/(discounts)	22,123,885	5,620,455	2,791,740	24,952,600	2,872,650
Total governmental long-term liabilities	$ 438,974,368	$ 111,576,550	$ 85,483,841	$ 465,067,077	$ 37,830,580

	Balance at October 1, 2021	Increases	Decreases / Transfers	Balance at September 30, 2022	Due Within One Year
Business-type Activities:					
Revenue bonds	$ 341,330,000	$ -	$ 8,375,000	$ 332,955,000	$ 12,435,000
General obligation bonds	110,803,145	13,480,000	24,581,385	99,701,760	19,831,474
Certificates of obligation	437,255,000	99,590,000	29,900,000	506,945,000	16,365,000
Compensated absences payable	3,045,045	2,379,730	2,251,691	3,173,084	2,637,097
Claims and judgement payable	4,000,000	-	1,300,000	2,700,000	-
Net pension liability	25,564,392	-	8,673,911	16,890,481	-
Other post employment benefits	17,829,744	199,213	-	18,028,957	-
Landfill closure/post-closure	12,076,086	-	1,024,141	11,051,945	-
Unamortized premium/(discounts)	56,775,507	8,428,875	8,097,687	57,106,692	7,029,914
Total business-type activities	1,008,678,919	124,077,818	84,203,815	1,048,552,919	58,298,485
Total long-term liabilities	$ 1,447,653,287	$ 235,654,368	$ 169,687,656	$ 1,513,619,996	$ 96,129,065

For Internal Service funds, long-term liabilities are included as part of the above totals for governmental activities. Compensated absences payables and net pension liability balances and payments are based on the assignment of an employee within a fund. Other postemployment benefits are liquidated from the Health Insurance internal service fund, with the retiree subsidy amounts paid predominantly by the General Fund. Claims payable represents an estimate of self-insured claims liability outstanding in the Health Insurance and Risk Retention internal service funds as well as one litigation payable in the Electric Fund.

General Bonded Debt - General bonded debt at September 30, 2022, is comprised of the following:

General Obligation Bonds and Certificates of Obligation Debt	Interest Rate (%)	Issue Date	Final Maturity	Original Amount of Issue	Gross Amount Outstanding at September 30, 2022
General obligation refunding	2.0 to 5.0	2012	2032	$ 14,358,739	$ 1,907,264
General obligation refunding	2.0 to 4.0	2013	2033	10,221,023	4,445,976
General obligation refunding	2.0 to 3.5	2014	2034	7,165,000	2,700,000
General obligation refunding	3.0 to 5.0	2015	2035	36,110,000	23,730,000
General obligation refunding	3.0 to 5.0	2016	2036	27,635,000	19,755,000
General obligation refunding	3.0 to 5.0	2017	2037	27,825,000	13,530,000
General obligation	3.0 to 5.0	2018	2038	19,235,000	16,660,000
General obligation refunding	3.0 to 5.0	2019	2039	18,015,000	16,145,000
General obligation refunding	2.0 to 5.0	2020	2040	27,675,000	25,355,000
General obligation refunding	2.0 to 5.0	2020A	2031	1,415,000	1,270,000
General obligation	2.0 to 5.0	2021	2041	54,710,000	52,985,000
General obligation	4.0 to 5.0	2022	2042	57,805,000	57,805,000
Total general obligation bonds				302,169,762	236,288,240
Certificates of obligation	2.0 to 5.0	2012	2032	4,490,000	85,000
Certificates of obligation	3.0 to 4.0	2013	2033	10,805,000	5,525,000
Certificates of obligation	2.0 to 5.0	2014	2034	8,635,000	5,120,000
Certificates of obligation	2.0 to 5.0	2015	2035	7,420,000	2,625,000
Certificates of obligation	3.0 to 5.0	2016	2036	7,190,000	3,155,000
Certificates of obligation	3.0 to 5.0	2017	2037	17,000,000	8,435,000
Certificates of obligation	3.0 to 5.0	2018	2038	9,555,000	5,990,000
Certificates of obligation	3.375 to 5.0	2018	2038	28,170,000	23,575,000
Certificates of obligation	3.0 to 5.0	2019	2039	9,390,000	6,130,000
Certificates of obligation	2.0 to 5.0	2020	2040	24,020,000	21,520,000
Certificates of obligation	2.0 to 5.0	2021	2041	24,735,000	23,330,000
Certificates of obligation	4.0 to 5.0	2022	2042	12,565,000	12,565,000
Total certificates of obligation				163,975,000	118,055,000
Total general bonded debt				$ 466,144,762	$ 354,343,240

[These amounts do not include net unamortized premiums/ (discounts) of $24,952,600 nor net deferred gain/ (loss) on refunding of ($428,929).]

Proceeds of general obligation bonded debt are restricted to the uses for which they were approved in the bond elections or, in the case of a refunding issuance, to the uses for which the certificates of obligation were originally issued. The City Charter expressly prohibits the use of bond proceeds to fund operating expenses. The general obligations are collateralized by the full faith and credit of the City and, primarily, payable from property taxes.

In July 2022, the City issued $71,285,000 ($13,480,000 of which is included as part of business-type activities) in general obligation refunding bonds. Of this amount, $55,620,000 was issued to pay the costs of bond election capital improvements for streets, parks, and public safety facilities in the Capital Projects fund. The remaining $15,665,000 was issued to refund outstanding debt obligations. The reacquisition price was below the net carrying amount of the old debt by $339,787, ($336,665 of which is reported as a deferred gain

in business-type activities). This amount is being amortized over the remaining life of the refunded debt, which is the same as the life of the new debt issued. The current refunding was undertaken to reduce total debt service payments over 9 years by $1,574,908 and resulted in a net present value savings of $1,365,369.

In July 2022, the City issued $112,155,000 ($99,590,000 of which is included as part of business-type activities) in certificates of obligation. The debt was issued to pay the costs of various capital improvements in the Capital Projects Fund ($8,570,000), the Electric Fund ($32,985,000), the Water Fund ($21,830,000), the Wastewater Fund ($38,270,000), the Solid Waste Fund ($6,505,000), and the Fleet Fund ($3,995,000).

On September 30, 2022, the City had no general obligation bonds or certificates of obligation considered defeased but still outstanding.

Business-type Revenue Bonds – Revenue bond debt at September 30, 2022, is comprised of the following issues:

Revenue Bonds	Interest Rate (%)	Issue Date	Final Maturity	Original Amount of Issue	Gross Amount Outstanding at September 30, 2022
Utility system	3.25 to 5.0	2017	2037	$ 214,890,000	$ 190,965,000
Utility system Refunding	0.27 to 5.7	2021	2036	141,990,000	141,990,000
Total revenue bonds				$ 356,880,000	$ 332,955,000

[These amounts do not include net unamortized premiums/ (discounts) of $18,783,788.]

The revenue bonds are collateralized by the revenue of the Denton utility system funds (System) and the related interest and sinking fund. The ordinance provides that the revenue of the System is to be used first to pay operating and maintenance expenses of the System and second to establish and maintain the revenue bond funds. Any remaining revenues may then be used for any lawful purpose. The ordinance also contains provisions, which among other items restrict the issuance of additional revenue bonds unless certain financial ratios are met. Management believes the City is in compliance with all significant requirements. The interest and sinking fund had a net position balance of $15,059,077 as of September 30, 2022 and is restricted for debt service. On September 30, 2022, the City had no revenue bonds considered defeased but still outstanding.

Business-type General Obligation Bonds and Certificates of Obligation – General obligation bonds and certificates of obligation issued for electric, water, wastewater, and solid waste funds at September 30, 2022, is comprised of the following:

General Obligation Bonds and Certificates of Obligation Debt	Interest Rate (%)	Issue Date	Final Maturity	Original Amount of Issue	Gross Amount Outstanding at September 30, 2022
General obligation refunding	2.0 to 5.0	2012	2024	$ 19,231,261	$ 637,736
General obligation refunding	2.0 to 4.0	2013	2025	513,977	164,024
General obligation refunding	3.0 to 5.0	2014A	2025	27,155,000	9,590,000
General obligation refunding	3.0 to 5.0	2015	2035	1,530,000	510,000
General obligation refunding	4.0 to 5.0	2015A	2026	33,945,000	3,540,000
General obligation refunding	3.0 to 5.0	2016	2028	1,295,000	785,000
General obligation refunding	3.0 to 5.0	2016A	2030	38,425,000	23,115,000
General obligation refunding	3.0 to 5.0	2017	2022	1,280,000	-
General obligation refunding	3.0 to 5.0	2019	2039	26,325,000	14,100,000
General obligation refunding	2.0 to 5.0	2020	2040	34,405,000	22,415,000
General obligation refunding	2.0 to 5.0	2020A	2031	12,735,000	11,365,000
General obligation refunding	4.0 to 5.0	2022	2042	13,480,000	13,480,000
Total general obligation bonds				210,320,238	99,701,760
Certificates of obligation	2.0 to 5.0	2012	2032	40,185,000	8,490,000
Certificates of obligation	3.0 to 4.0	2013	2033	52,715,000	29,310,000
Certificates of obligation	2.0 to 5.0	2014	2044	80,545,000	61,190,000
Certificates of obligation	2.0 to 5.0	2015	2045	85,595,000	67,420,000
Certificates of obligation	3.0 to 5.0	2016	2046	76,115,000	61,140,000
Certificates of obligation	3.0 to 5.0	2017	2047	73,800,000	58,330,000
Certificates of obligation	3.375 to 5.0	2018	2028	1,375,000	895,000
Certificates of obligation	3.0 to 5.0	2019	2049	19,365,000	17,650,000
Certificates of obligation	2.0 to 5.0	2020	2050	34,060,000	32,430,000
Certificates of obligation	2.0 to 5.0	2021	2041	72,300,000	70,500,000
Certificates of obligation	4.0 to 5.0	2022	2042	99,590,000	99,590,000
Total certificates of obligation				635,645,000	506,945,000
Total business-type G.O./C.O.				$ 845,965,238	$ 606,646,760

[These amounts do not include net unamortized premiums/ (discounts) of $38,322,902 nor net deferred gain/ (loss) on refunding of ($428,215).]

Schedule of Long-term Debt Maturities

Aggregate maturities of the long-term debt (principal and interest) for the years subsequent to September 30, 2022 are shown below:

Governmental Activities:

	General Obligation		Certificates of Obligation		Total	
Fiscal Year	Principal	Interest	Principal	Interest	Principal	Interest
2023	$ 13,643,526	$ 8,782,931	$ 9,535,000	$ 4,475,690	$ 23,178,526	$ 13,258,621
2024	13,871,703	8,011,760	9,155,000	4,023,750	23,026,703	12,035,510
2025	13,568,011	7,424,443	8,430,000	3,626,075	21,998,011	11,050,518
2026	13,490,000	6,864,450	8,010,000	3,255,875	21,500,000	10,120,325
2027	13,470,000	6,300,471	7,450,000	2,896,188	20,920,000	9,196,659
2028-2032	62,580,000	23,434,831	31,700,000	10,035,563	94,280,000	33,470,394
2033-2037	64,195,000	11,692,575	29,925,000	4,153,150	94,120,000	15,845,725
2038-2042	41,470,000	2,831,934	13,850,000	630,031	55,320,000	3,461,965
Total	$ 236,288,240	$ 75,343,395	$ 118,055,000	$ 33,096,322	$ 354,343,240	$ 108,439,717

Business-Type Activities:

	General Obligation		Certificates of Obligation		Revenue		Total	
Fiscal Year	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2023	$ 19,831,474	$ 4,067,290	$ 16,365,000	$ 19,869,345	$ 12,435,000	$ 12,860,259	$ 48,631,474	$ 36,796,894
2024	18,373,297	3,193,322	17,015,000	18,805,876	12,905,000	12,395,313	48,293,297	34,394,511
2025	14,686,989	2,464,265	19,595,000	17,977,701	13,400,000	11,898,018	47,681,989	32,339,984
2026	8,225,000	1,940,850	20,285,000	17,111,376	13,900,000	11,395,282	42,410,000	30,447,508
2027	8,185,000	1,568,125	20,950,000	16,203,603	14,440,000	10,858,300	43,575,000	28,630,028
2028-2032	30,400,000	2,368,500	108,455,000	67,260,306	81,995,000	44,502,040	220,850,000	114,130,846
2033-2037	-	-	108,590,000	44,603,781	101,970,000	24,519,626	210,560,000	69,123,407
2038-2042	-	-	108,900,000	24,968,910	25,290,000	10,831,062	134,190,000	35,799,972
2043-2047	-	-	66,715,000	8,180,113	29,470,000	6,642,486	96,185,000	14,822,599
2048-2051	-	-	20,075,000	1,459,884	33,420,000	1,740,676	53,495,000	3,200,560
Total	$ 99,701,760	$ 15,602,352	$ 506,945,000	$ 236,440,895	$ 339,225,000	$ 147,643,062	$ 945,871,760	$ 399,686,309

[These amounts do not include net unamortized premiums/ (discounts) of $82,059,290 nor net deferred gain/ (loss) on refunding of ($857,144).]

Bonds Authorized and Unissued

General obligation bonds authorized but unissued as of September 30, 2022 amounted to $88,855,000. When issued, the proceeds will be allocated to the applicable street, drainage, police facilities, and parks projects.

All bonds were issued publicly through negotiated or competitive terms with no direct placements. There is no acceleration of maturity of the bonds in the event of default, and the City has never defaulted on the payment of bonds.

Claims and Judgements Payable

Claims and judgements payable include claims payables as part of the City's self-insurance plan, which can be found in note V.D. It also includes a judgement liability of $4,000,000 recorded in the electric fund, which can be found in note V.G. for further information.

H. Landfill Closure and Post-Closure Cost

State and federal laws and regulations require the City to place a final cover on its Mayhill Road landfill site upon closure and to perform certain maintenance and monitoring functions at the site for thirty years after closure. Although closure and post-closure care costs will be paid only upon anticipated closure, the City reports a portion of these costs as an operating expense in each period based on landfill capacity used as of each balance sheet date. Based on an updated model created by a 2022 engineering study, total landfill closure and post-closure cost as of September 30, 2022 was $54,398,676. The $11,051,945 reported as landfill closure and post-closure care liability as of September 30, 2022 is a $1,024,141 decrease from the $12,076,086 liability reported on September 30, 2021. This liability represents the cumulative amount incurred to date based on the use of 20.32% of the estimated capacity of the entire landfill at September 30, 2022. The change in estimated capacity decreased due to the remaining life increasing from updated Permit 1590B approval in August 2021.

Based on this estimate, the remaining potential estimated liability for closure and post-closure care of the entire landfill is $43,346,731. The City will recognize the remaining estimated cost of closure and post-closure care as the remaining capacity is filled. These amounts are based on what it would cost to perform closure and post-closure care in 2022. Actual cost may fluctuate due to inflation, changes in technology, or changes in regulations. The landfill has a remaining life of 34 years, and the City expects to close the landfill in fiscal year 2056.

The solid waste fund has provided for a reservation and designation of cash and investments of $12,684,710 at September 30, 2022 and anticipates increasing the reserve in future periods as the closure and post-closure activities are carried out.

I. Leases

The City is a lessor in various noncancelable leases of land, building, and equipment. As a result of the implementation of GASB Statement No. 87, “Leases”, lease receivable and deferred inflows of resources were each restated by $3,683,732 with no effect to beginning net position. During fiscal year 2022, the City recognized $165,797 in lease revenue and $50,259 in interest revenue.

As of September 30, 2022, the City's lease receivable balance of $3,545,969 was comprised of the following:

Governmental activities:	
One building lease with payments received totaling in $16,659 during fiscal year 2022, at an interest rate of 1.20%, with a remaining lease term of 8 years	$ 139,506
One equipment lease with payments received totaling in $44,201 during fiscal year 2022, at an interest rate of 0.58%, with a remaining lease term of 4 years	396,917
One land lease with payments received totaling in $18,186 during fiscal year 2022, at an interest rate of 1.88%, with a remaining lease term of 46 years	857,410
Business-type activities:	
Various land leases with payments received totaling $137,010 during fiscal year 2022, at an interest rate of 1.47% to 1.85%, with remaining lease terms from 12 to 25 years	2,152,136
	$ 3,545,969

The lease receivables are expected to be received in subsequent years as follows:

	Governmental Activities		Business-Type Activities	
Fiscal Year	Principal	Interest	Principal	Interest
2023	$ 139,582	$ 19,566	$ 122,451	$ 33,570
2024	95,352	18,932	124,351	31,670
2025	96,195	18,269	126,281	29,740
2026	96,864	17,600	128,241	27,780
2027	50,625	16,995	130,232	25,789
2028-2032	69,756	81,440	682,128	97,975
2033-2037	28,011	78,397	491,547	46,757
2038-2042	47,477	74,893	150,226	25,377
2043-2047	71,368	69,357	164,782	10,822
2048-2052	100,496	61,338	31,897	296
2053-2057	135,809	50,300	-	-
2058-2062	178,415	35,611	-	-
2063-2067	229,603	16,526	-	-
2068-2069	54,280	598	-	-
	$ 1,393,833	$ 559,822	$ 2,152,136	$ 329,776

The City has 156 various aeronautical leasing agreements for land leases, buildings, and hangar space at the Denton Enterprise Airport. These qualify as regulated leases and are not included in the measurement of lease receivables, in accordance with the requirements of GASB Statement No. 87 "Leases". The City recognized $848,197 in lease revenue during fiscal year 2022 for these leases. The leases have CPI increases ranging from 1 to 5 years, dependent on the lease terms ranging from 1 to 30 years with some having additional options ranging from 5 to 20 years. As of October 1, 2023, the minimum payments expected to be received over the next five fiscal years is as follows:

Fiscal Year	
2023	$ 858,691
2024	869,342
2025	884,611
2026	895,579
2027	911,314

V. OTHER INFORMATION

A. Pension Plans

Employee Retirement Plans

The City of Denton participates in two pension plans; Texas Municipal Retirement System (TMRS), an agent-multiple employer traditional, joint contributory, hybrid defined benefit pension plan; and the Denton Firemen's Relief and Retirement Fund (FRRF), a single employer, contributory, defined benefit plan. Both plans are described in detail below. Aggregate amounts for the two pension plans are as follows:

	TMRS	FRRF	Total
Pension liability	$ 600,289,185	$ 142,439,646	$ 742,728,831
Pension assets	560,080,718	140,537,577	700,618,295
Net pension liability	$ 40,208,467	$ 1,902,069	$ 42,110,536
Deferred outflows of resources	$ 23,021,148	$ 12,565,568	$ 35,586,716
Deferred inflows of resources	33,191,633	16,814,307	50,005,940
Pension expense	7,836,233	(338,204)	7,498,029

Texas Municipal Retirement Plan

Plan Description

The City of Denton participates as one of 901 plans in the defined benefit cash-balance plan administered by the Texas Municipal Retirement System (TMRS). TMRS is statewide public retirement plan created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agent multiple-employer retirement system for employees of Texas participating cities. The TMRS Act places the general administration and management of the System with a six-member, Governor-appointed board of trustees; however, TMRS is not fiscally dependent on the State of Texas. TMRS issues a publicly-available annual comprehensive financial report obtainable at www.tmrs.com.

All eligible employees of the city are required to participate in TMRS.

Benefits Provided

TMRS provides retirement, disability, and death benefits. Benefit provisions are adopted by the governing body of the City, within the options available in the state statutes governing TMRS.

At retirement, the employee's benefit is calculated based on the sum of the employee's contributions with interest, and the city-financed monetary credits with interest. Employees may choose to receive their retirement benefit in one of seven payments options. Employees may also choose to receive a portion of their benefit as a Partial Lump Sum Distribution in an amount equal to 12, 24, or 36 monthly payments, which cannot exceed 75% of the employee's deposits and interest.

Upon retirement, the employee's retirement benefits are calculated based on the sum of the employee's contributions, with interest, and the City-financed monetary credits, with interest. City-financed monetary credits are composed of three sources: prior service credits, current service credits, and updated service credits.

- Prior service credit, granted by each city joining TMRS, is a monetary credit equal to the accumulated value of the percentage of prior service credit selected by the City, multiplied by an employee's contributions that would have been made, based on the average salary prior to TMRS participation, for the number of months the employee was employed by the City before joining TMRS, accruing 3% annual interest and including the matching ratio adopted by the City.
- Current Service Credit is a monetary credit for service performed by an employee after the City joined TMRS and is based on a percent (200%) of the employee's total contributions and interest credits (commonly referred to as the City's matching ratio). Each participating city designates the rate the employee contributions (7% for the City) and interest is credited on contribution balances annually at a guaranteed minimum 5% rate. Any change in the matching ratio would be applied prospectively.
- Updated Service Credits (USC) is an optional monetary credit granted on an annually repeated basis by the City, and it may increase an employee's monthly retirement benefit. In calculating USC, TMRS looks at the changes in the employee's salary over their career and any changes the City has made to its TMRS plan, such as the employee contribution rate or the City's matching ratio. Although USC may increase the employee's retirement benefit, USC does not affect the amount of contributions in an employee's account or the amount an employee will receive if they refund.

The plan provisions also include an annually repeating basis cost of living adjustments for retires equal to 70% of the change in the consumer price index. If an employee terminates employment and refunds their account, the employee will receive their total contributions, plus credited interest. The employee will not receive any of the city-financed monetary credits. An employee can retire at ages 60 and above with 5 or more years of service or with 20 years of service regardless of age. A member is vested after five years.

Employees Covered by Benefit Terms

At the December 31, 2021 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	839
Inactive employees entitled to but not yet receiving benefits	745
Active employees	1,323
Total	2,907

Contributions

The contribution rates for employees in TMRS are either 5%, 6%, or 7% of employee gross earnings, and the city matching percentages are either 100%, 150%, or 200%, both as adopted by the City Council. Under the state law governing TMRS, the contribution rate for each city is determined annually by the actuary, using the Entry Age Normal (EAN) actuarial cost method. The City's contribution rate is based on the liabilities created from the benefit plan options selected by the City and any changes in benefits or actual experience over time.

Employees for the City were required to contribute 7% of their annual gross earnings during the fiscal year. The contribution rates for the City were 17.61% and 17.47% in calendar years 2021 and 2022, respectively.

The City's contributions to TMRS for the year ended September 30, 2022 were $18,471,103 and were equal to the required contributions.

Net Pension Liability

The City's Net Pension Liability (NPL) was measured as of December 31, 2021, and the Total Pension Liability (TPL) used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date.

Actuarial Assumptions

The Total Pension Liability in the December 31, 2020 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.5% per year
Overall payroll growth	2.75% per year
Investment Rate of Return	6.75%, net of pension plan investment expense, including inflation

Salary increases were based on a service-related table. Mortality rates for active members are based on the PUB(10) mortality tables with the Public Safety table used for males and the General Employee table used for females. Mortality rates for healthy retirees and beneficiaries are based on the gender-distinct 2019 Municipal Retirees of Texas mortality tables. The rates for actives, healthy retirees and beneficiaries are projected on a fully generational basis by Scale UMP to account for future mortality improvements. For disabled annuitants, the same mortality tables for healthy retirees are used with a 4-year set-forward for males and a 3-year set-forward for females. In addition, a 3.5% and 3.0% minimum mortality rate is applied, for males and females respectively, to reflect the impairment for younger members who become disabled. The rates are projected on a fully generational basis by Scale UMP to account for future mortality improvements subject to the floor.

The actuarial assumptions were developed primarily from the actuarial investigation of the experience of TMRS over the four-year period from December 31, 2014 to December 31, 2018. They were adopted in 2019 and first used in the December 31, 2019 actuarial valuation. The post-retirement mortality assumption for healthy annuitants and Annuity Purchase Rate (APRs) are based on the Mortality Experience Investigation Study covering 2009 through 2011 and dated December 31, 2013. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income in order to satisfy the short-term and long-term funding needs of TMRS.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of real rates of return for each major asset class in fiscal year 2022 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Global Equity	30.0%	5.30%
Core Fixed Income	10.0%	1.25%
Non-Core Fixed Income	20.0%	4.14%
Real Return	10.0%	3.85%
Real Estate	10.0%	4.00%
Absolute Return	10.0%	3.48%
Private Equity	10.0%	7.75%
Total	100.0%	

Discount Rate

The discount rate used to measure the Total Pension Liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rates specified in statute. Based on that assumption, the pension plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the Total Pension Liability.

Changes in the Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance at 12/31/2020	$ 560,470,110	$ 494,893,606	$ 65,576,504
Changes for the year:			
Service cost	17,667,234	-	17,667,234
Interest	37,617,145	-	37,617,145
Change of benefit terms	-	-	-
Difference between expected and actual experience	8,560,080	-	8,560,080
Changes of assumptions	-	-	-
Contributions - employer	-	17,849,684	(17,849,684)
Contributions - employee	-	7,095,275	(7,095,275)
Net investment income	-	64,564,009	(64,564,009)
Benefit payments, including refunds of employee contributions	(24,025,384)	(24,025,384)	-
Administrative expense	-	(298,515)	298,515
Other changes	-	2,043	(2,043)
Net changes	39,819,075	65,187,112	(25,368,037)
Balance at 12/31/2021	$ 600,289,185	$ 560,080,718	$ 40,208,467

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the City, calculated using the discount rate of 6.75%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.75%) or 1-percentage-point higher (7.75%) than the current rate:

	1% Decrease in Discount Rate (5.75%)	Current Discount Rate (6.75%)	1% Increase in Discount Rate (7.75%)
City's net pension liability	$ 128,986,586	$ 40,208,467	$ (32,147,421)

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's Fiduciary Net Position is available in the Schedule of Change in Fiduciary Net Position, by Participating City, separately-issued TMRS financial report. That report may be obtained on the Internet at *www.tmrs.com*.

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended September 30, 2022, the City recognized pension expense of $7,836,233. This amount is included as part of personnel services expenses.

At September 30, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to TMRS pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between projected and actual investment earnings	$ -	$ (33,191,633)
Contributions subsequent to the measurement date	13,454,404	-
Differences between expected and actual economic experience	9,068,338	-
Difference in assumption changes	498,406	-
Total	$ 23,021,148	$ (33,191,633)

$13,454,404 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the City's fiscal year ending September 30, 2023. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense (income) as follows:

For the Year Ended September 30,	Net Deferred Outflows/(Inflows)
2023	$ (2,581,969)
2024	(11,021,823)
2025	(4,740,479)
2026	(5,280,618)
2027	-
Total	$ (23,624,889)

Denton Firemen's Relief and Retirement Plan

Plan Description

The City contributes to the retirement plan for firefighters in the Denton Fire Department known as the Denton Firemen's Relief and Retirement Fund (the Fund). The Fund is a single employer, contributory, defined benefit plan. The benefit provisions of the Fund are authorized by the Texas Local Fire Fighters' Retirement Act (TLFFRA). TLFFRA provides the authority and procedure to amend benefit provisions. The plan is administered by the Board of Trustees of the Denton Firemen's Relief and Retirement Fund. The City does not have access to nor can it utilize assets within the retirement plan trust. The Fund issues a stand-alone report pursuant to GASB Statement No. 67, which may be obtained by writing the Denton Firemen's Relief and Retirement Fund at P.O. Box 2375, Denton, Texas 76202. See that report for all information about the plan fiduciary net position.

Benefits Provided

Firefighters in the Denton Fire Department are covered by the Denton Firemen's Relief and Retirement Fund which provides service retirement, death, disability, and withdrawal benefits. These benefits fully vest after 20 years of credited service. Firefighters may retire at age 50 with 20 years of service. A partially-vested benefit is provided for firefighters who terminate employment with at least 10 but less than 20 years of service. If a terminated firefighter has a partially vested benefit, the firefighter may retire starting on the date they would have both completed 20 years of service if they had remained a Denton firefighter and attained age 50. The present plan provides a monthly normal service retirement benefit, payable in a Joint and Two-Thirds to Spouse form of annuity, equal to 2.59% of Highest 36-Month Average Salary for each year of service.

A retiring firefighter who is at least age 52 with at least 22 years of service has the option to elect the Retroactive Deferred Retirement Option Plan (RETRO DROP) which will provide a lump sum benefit and a reduced monthly benefit. The reduced monthly benefit is based on the service and Highest 36-Month Average Salary as if the firefighter had terminated employment on their selected RETRO DROP benefit calculation date, which is no earlier than the later of the date the firefighter meets the age 52 and 22 years of service requirements and the date four years prior to the date the firefighter actually retires. Upon retirement, the employee will receive, in addition to the monthly retirement benefit, a lump sum equal to the sum of (1) the amount of monthly contributions the member has made to the Fund after the RETRO DROP benefit calculation date plus (2) the total of the monthly retirement benefits the member would have received between the RETRO DROP benefit calculation date and the date retired under the plan. There are no account balances. The lump sum is calculated at the time of retirement and distributed as soon as administratively possible.

There is no provision for automatic postretirement benefit increases. The Fund has the authority to provide, and has periodically in the past provided, ad hoc postretirement benefit increases. The December 31, 2021 actuarial valuation reflects tiered ad hoc postretirement benefit increases effective July 1, 2022 of 4% for those retired 15 or more years, 3% for those retired for 10 to 15 years, and 2% for those retired five to ten years.

Employees Covered by Benefit Terms

In the December 31, 2021 actuarial valuation, the following numbers of members were covered by the Fund:

Inactive employees or beneficiaries currently receiving benefits	92
Inactive employees entitled to but not yet receiving benefits	7
Active employees	211
Total	310

Contributions

The contribution provisions of the Fund are authorized by TLFFRA. TLFFRA provides the authority and procedure to change the amount of contributions determined as a percentage of pay by each firefighter and a percentage of payroll by the City.

The contribution policy of the Denton Firemen's Relief and Retirement Fund requires contributions equal to 12.6% of pay by the firefighters, the rate elected by the firefighters according to TLFFRA. The City began contributing in December 2017 according to a new City funding policy. The ordinance defining it includes an actuarially determined contribution rate over a closed 25-year amortization period, a contribution rate of 18.5% for several years, a minimum rate standard, and City review and approval of each actuarial valuation. The December 31, 2021 actuarial valuation includes the assumption the City contribution rate will be 18.5% over the unfunded liability amortization period. The costs of administering the plan are paid from the Fund assets. The City's contributions to the Fund for the year ended September 30, 2022 were $4,440,025.

Ultimately, the funding policy also depends upon the total return of the Fund's assets, which varies from year to year. Investment policy decisions are established and maintained by the board of trustees. For the calendar year ending December 31, 2021, the money-weighted rate of return on pension plan investments was 17.93%. This measurement of the investment performance is net of investment-related expenses, reflecting the effect of the timing of the contributions received and the benefits paid during the year.

While the contribution requirements are not actuarially determined, state law requires that each change in plan benefits adopted by the Fund must first be approved by an eligible actuary, certifying the contribution commitment by the firefighters and the assumed city contribution rate together provide an adequate contribution arrangement. Using the entry age actuarial cost method, the plan's normal cost contribution rate is determined as a percentage of payroll. The excess of the total contribution rate over the normal cost contribution rate is used to amortize the plan's unfunded actuarial accrued liability (UAAL). The number of years needed to amortize the plan's UAAL is actuarially determined using an open, level percentage of payroll method.

Net Pension Liability

The City of Denton's net pension liability was measured as of December 31, 2021, and the total pension liability used to calculate the net pension liability was determined based on the actuarial valuation as of December 31, 2021.

Total pension liability	$ 142,439,646
Plan fiduciary net position	140,537,577
City's net pension liability	$ 1,902,069
Plan fiduciary net position as a percentage of the total pension liability	98.7%

Actuarial Assumptions

The total pension liability in the December 31, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50% per year
Overall payroll growth	3.00% per year, plus promotion, step and longevity increases that vary by service
Investment Rate of Return	6.75%, net of pension plan investment expense, including inflation

Mortality rates were based on the PubS-2010 (public safety) total dataset mortality tables employees and for retirees (sex distinct), projected for mortality improvement generationally using the projection scale MP-2019.

The long-term expected rate of return on pension plan investments is reviewed for each biennial actuarial valuation and was determined using a building-block method in which expected future net real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These components are combined to produce the long-term expected rate of return by weighting the expected future net real rates of return by the target asset allocation percentage (currently resulting in 4.96%) and by adding expected inflation (2.5%). In addition, the final 6.75% assumption was selected by "rounding down" and thereby reflects a reduction of 0.71% for adverse deviation. The target allocation and expected arithmetic net real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Equities		
Large Cap Domestic	40.0%	6.00%
Small/Mid Cap Domestic	10.0%	6.50%
International Developed	10.0%	6.50%
Alternatives		
Master Limited Partnerships	8.0%	6.50%
Real Estate	15.0%	4.50%
Fixed Income	15.0%	1.00%
Cash	2.0%	0.00%
Total	100.0%	
Weighted Average		4.96%

Discount Rate

The discount rate used to measure the total pension liability was 6.75%. No projection of cash flows was used to determine the discount rate because the December 31, 2021 actuarial valuation showed expected contributions would pay the normal cost and amortize the unfunded actuarial accrued liability (UAAL) in nine years. Because of the nine-year amortization period of the UAAL, the pension plan's fiduciary net position is expected to be available to make all projected future benefit payments of current active and inactive members. Therefore, the long-term expected rate of return on pension plan investments of 6.75% was applied to all periods of projected benefit payments as the discount rate to determine the total pension liability.

Changes in the Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance at 12/31/2020	$ 128,332,828	$ 117,198,139	$ 11,134,689
Changes for the year:			
Service cost	4,380,049	-	4,380,049
Interest	8,791,959	-	8,791,959
Contributions - employer	-	4,249,769	(4,249,769)
Contributions - employee	-	2,894,437	(2,894,437)
Net investment income	-	21,206,371	(21,206,371)
Benefit payments, including refunds of employee contributions	(4,923,273)	(4,923,273)	-
Administrative expense	-	(87,866)	87,866
Net changes	14,106,818	23,339,438	(9,232,620)
Balance at 12/31/2021	$ 142,439,646	$ 140,537,577	$ 1,902,069

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the City of Denton, calculated using the discount rate of 6.75%, as well as what the city's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.75%) or 1-percentage-point higher (7.75%) than the current rate:

	1% Decrease in Discount Rate (5.75%)	Current Discount Rate (6.75%)	1% Increase in Discount Rate (7.75%)
City's net pension liability	$ 20,586,807	$ 1,902,069	$ (13,710,288)

Pension Plan Fiduciary Net Position

The plan fiduciary net position reported above is the same as reported by the Fund. Detailed information about the plan fiduciary net position is available in the Fund's separately issued audited financial statements, which are reported using the economic resources measurement focus and the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America. Revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Investments are reported at fair value, the price that would be recognized to sell an asset in an orderly transaction between market participants at the measurement date.

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended September 30, 2022, the City recognized negative pension expense of $338,204. Amounts recognized in the fiscal year represent changes between the current and prior year measurement dates. This amount is included as part of personnel services expenses.

At September 30, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to the Fund from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between projected and actual investment earnings	$ -	$ (16,227,774)
Contributions subsequent to the measurement date	3,248,454	-
Differences between expected and actual economic experience	6,297,607	(586,533)
Difference in assumption changes	3,019,507	-
Total	$ 12,565,568	$ (16,814,307)

Deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date of $3,248,454 will be recognized as a reduction of the net pension liability for the measurement year ending December 31, 2022 and the City's fiscal year ending September 30, 2023. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense (income) as follows:

For the Year Ended September 30,	Net Deferred Outflows/(Inflows)
2023	$ (3,061,592)
2024	(4,261,959)
2025	(2,424,421)
2026	(1,391,775)
2027	1,187,642
Thereafter	2,454,912
Total	$ (7,497,193)

B. Post-employment Benefits Other than Pensions (OPEB)

The City of Denton provides for two post-employment benefit (OPEB) plans; one provides for post-employment medical care through a single-employer defined benefit medical plan (Medical OPEB), and the other is the Texas Municipal Retirement System Supplemental Death Benefits Fund (TMRS SDBF), a single-employer defined benefit OPEB plan. Both plans are described in detail following.

Aggregate amounts for the two OPEB plans are as follows:

	Medical OPEB	TMRS SDBF	Total
Total OPEB liability	$ 49,266,518	$ 5,376,347	$ 54,642,865
Deferred outflows of resources	$ 6,322,148	$ 1,204,610	$ 7,526,758
Deferred inflows of resources	4,135,547	378,134	4,513,681
OPEB expense	4,744,360	548,705	5,293,065

Medical Benefits

Plan Description

The City of Denton provides post-employment medical care (OPEB) for retired employees through a single-employer defined benefit medical plan. The plan provides medical benefits for eligible retirees, their spouses and dependents though the City's group health insurance plans, which covers both active and retired members. The benefits, benefit levels, and contribution rates are recommended annually by the City management as part of the budget process. Any changes in rate subsidies for retirees are approved by the City Council. Since an irrevocable trust has not been established, the plan is not accounted for as a trust fund. The plan does not issue a separate financial report.

Benefits Provided

The City provides post-employment medical, dental, and vision care benefits to its retirees. To be eligible for benefits, an employee must qualify for retirement under the Texas Municipal Retirement System or the Denton Firemen's Relief and Retirement Plan. Retirees must make a one-time irrevocable decision to choose benefits at the time of retirement, after that their eligibility for the benefits ceases. However, retirees can move between plans and can add and drop dependents based on qualifying events.

All medical care benefits are provided through the City's self-insured health plan. The benefit levels are the same as those afforded to active employees.

Employees Covered by the Benefit Terms

In the December 31, 2021 actuarial valuation, the following number of employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	249
Active employees	1,540
Total	1,789

Funding Policy

The plan premium rates are recommended annually by City management and approved by the City Council as part of the annual budget. The retiree's contribution is the full amount of the actuarially determined blended premium rate less a subsidy dependent upon years of service at retirement. By providing retirees with access to the City's healthcare plans based on the same rates it charges to active employees, the City is in effect providing a subsidy to retirees. This implied subsidy exists because, on average, retiree health care costs are higher than active employee healthcare costs. By the City not contributing anything toward this plan in advance, the City employs a pay-as-you-go method through paying the higher rate for active employees each year. The City contributes $40 per month for each five-year increment of service, up to $200 per month, toward the cost of retiree coverage. The full cost for dental and vision is paid by the retiree. Retirees are required to enroll in Medicare Part B once eligible (age 65) and are moved into a fully-insured Medicare Supplement plan at that time. The same City contribution level applies to the supplement.

Medical OPEB Liability

The City's medical OPEB liability of $49,266,518 was measured as of December 31, 2021, the same date as the actuarial valuation.

Actuarial Methods and Assumptions

The medical OPEB liability in the December 31, 2021 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement date, unless otherwise specified.

Significant method and assumptions used for this fiscal year valuation were as follows:

Actuarial Assumptions

	12/31/2021
Valuation date	December 31, 2021
Actuarial cost method	Individual Entry-Age Normal Method
Discount Rate	2.75% as of December 31, 2019 2.00% as of December 31, 2020 1.84% as of December 31, 2021
Inflation rate	2.50% per annum
Projected salary increases	3.50% to 11.50% for TMRS, including inflation 3.00% to 9.18% for Fire, including inflation
Healthcare trend rates	Initial rate of 7.00% declining to an ultimate rate of 4.15% after 15 years
Mortality	**TMRS:** For healthy retirees, the gender-distinct 2019 Municipal Retirees of Texas mortality tables are used. The rates are projected on a fully generational basis using the ultimate mortality improvement rates in the MP tables to account for future mortality improvements. **Firefighters:** The gender-distinct PubS-2010 (safety employees) total data set mortality are used. The rates are projected on a fully generational basis using the projection scale MP-2019.
Participation Rates	60% for employees retiring at age 65 or older; 45% for employees retiring between the ages of 50 and 64; 5% for employees retiring between the ages of 45 and 49; 0% for retirees under age 50 at retirement

Changes in the Medical OPEB Liability

	Total Medical OPEB Liability
Balance at 12/31/2020	$ 48,918,032
Changes for the year:	
Service cost	3,554,317
Interest	995,640
Difference between expected and actual experience	(1,283,436)
Changes of assumptions	(1,091,668)
Benefit payments	(1,826,367)
Net changes	348,486
Balance at 12/31/2021	$ 49,266,518

Total OPEB liability as a percentage of covered payroll was 38.92%.

Sensitivity of the Medical OPEB Liability to Changes in the Discount Rate

The following schedule shows the impact of the medical OPEB liability if the discount rate used was 1% less than (1.00%) and 1% greater than (3.00%) the discount rate that was used (2.00%) in measuring the medical OPEB liability:

	1% Decrease (1.00%)	Current Discount Rate (2.00%)	1% Increase (3.00%)
Total medical OPEB liability	$ 54,844,998	$ 49,266,518	$ 44,418,232

Sensitivity of the Medical OPEB Liability to Changes in the Healthcare Cost Trend Rate Assumption

The following schedule shows the impact of the medical OPEB liability if the healthcare trend cost rate used was 1% less than (6.00%) and 1% more than (8.00%) the healthcare cost trend rate that was used (7.00%) in measuring the medical OPEB liability:

	1% Decrease (6.00%)	Current Healthcare Cost Trend Rate (7.00%)	1% Increase (8.00%)
Total medical OPEB liability	$ 45,370,854	$ 49,266,518	$ 53,902,870

Medical OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Medical OPEB

For the year ended September 30, 2022, the City recognized medical OPEB expense of $4,744,360. At September 30, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to medical OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	$ 254,892	$ 2,212,338
Changes in actuarial assumptions	4,700,449	1,923,209
Contributions subsequent to the measurement date	1,366,807	-
Totals	$ 6,322,148	$ 4,135,547

Deferred outflows of resources related to OPEB contributions subsequent to the measurement date of $1,366,807 will be recognized as a reduction of the medical OPEB liability for the City's fiscal year ending September 30, 2023. Other amounts reported as deferred outflows of resources related to the medical OPEB will be recognized in OPEB expense as follows:

Year Ending September 30,	Net Deferred Outflows/(Inflows)
2023	$ 194,403
2024	194,403
2025	194,403
2026	186,610
2027	(29,140)
Thereafter	79,115
Total	$ 819,794

TMRS Supplemental Death Benefit Fund

Plan Description

The City of Denton voluntarily participates in the Texas Municipal Retirement System Supplemental Death Benefits Fund (TMRS SDBF). The SDBF is a defined benefit group-term life insurance Other Postemployment Benefit (OPEB) plan as defined by GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75. It is established and administered in accordance with the TMRS Act identically to the City's pension plan.

Benefits Provided

The SDBF provides group-term life insurance to City employees who are active members in TMRS, including or not including retirees. The City Council opted into this system via an ordinance, and may terminate coverage under, and discontinue participation in, the SDBF by adopting an ordinance before November 1st of any year to be effective the following January 1st.

Payments from this fund are similar to group-term life insurance benefits and are paid to the designated beneficiaries upon the receipt of an approved application for payment. The death benefit for active employees provides a lump-sum payment approximately equal to the employee's annual salary (calculated based on the employee's actual earnings for the 12-month period preceding the month of death). The death benefit for retirees is considered an "other postemployment benefit" (OPEB) and is a fixed amount of $7,500. As the SDBF covers both active and retiree participants with no segregation of assets, the SDBF is considered to be an unfunded OPEB plan.

Employees Covered by the Benefit Terms

In the December 31, 2021 actuarial valuation, the following number of employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	647
Inactive employees entitled to but not yet receiving benefits	217
Active employees	1,323
Total	2,187

Contributions

The City contributes to the SDBF at a contractually required rate as determined by an annual actuarial valuation, which was 0.18% for 2022 and 0.18% for 2021, of which 0.09% for 2022 and 0.08% for 2021, represented the retiree-only portion for each year, as a percentage of annual covered payroll. The rate is equal to the cost of providing one-year term life insurance. The funding policy for the SDBF program is to assure that adequate resources are available to meet all the death benefit payments for the upcoming year; the intent is not to prefund retiree term life insurance during employees' entire careers. The City's contribution to the

SDBF for two years ended September 30, 2022 and 2021 were $190,063 and $179,918 respectively, representing contributions for both active and retiree coverage, which equaled the required contribution each year.

Actuarial Methods and Assumptions

The SDBF OPEB liability in the December 31, 2021 actuarial valuation was determined using the following actuarial assumptions:

	12/31/2021
Inflation rate	2.50% per annum
Discount rate	1.84
Actuarial cost method	Entry Age Normal Method
Projected salary increases	3.50% to 11.5% including inflation

Salary increases were based on a service-related table. Mortality rates for active members, retirees, and beneficiaries were based on the following:

Mortality rates for active members, retirees, and beneficiaries were based on the gender-distinct 2019 Municipal Retirees of Texas mortality tables. The rates are projected on a fully generational basis by scale UMP to account for future mortality improvements. For disabled annuitants, the gender-distinct 2019 Municipal Retirees of Texas mortality tables are used with a 4-year set forward for males and a 3-year set forward for females. In addition, a 3.5% and 3% minimum mortality rate is applied to reflect the impairment for younger members who became disabled for males and females, respectively. The rates are projected on a fully generational basis by scale UMP BB to account for the future mortality improvements subject to the floor. Administrative expenses for the SDBF are paid through the TMRS Pension Trust Fund and are wholly accounted for under the provisions of GASB Statement No. 68.

Changes in assumptions reflect the annual change in the municipal bond rate. The actuarial assumptions used in the December 31, 2021 valuation were based on the results of an actuarial experience study for the period December 31, 2014 to December 31, 2018.

Discount Rate

The SDBF program is treated as an unfunded OPEB plan because the SDBF trust covers both actives and retirees and the assets are not segregated for these groups. As such, a single discount rate of 1.84% was used to measure the SDBF OPEB Liability. Because the plan is essentially a “pay-as-you-go” plan, the single discount rate is equal to the prevailing municipal bond rate. The source of the municipal bond rate was fixed-income municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index’s “20-year Municipal GO AA Index” as of December 31, 2021.

Sensitivity of the SDBF OPEB Liability to Changes in the Discount Rate

The following schedule shows the impact of the SDBF OPEB liability if the discount rate used was 1% less than (1.00%) and 1% greater than (3.00%) the discount rate that was used (2.00%) in measuring the medical OPEB liability:

	1% Decrease (1.00%)	Current Discount Rate (2.00%)	1% Increase (3.00%)
Total SDBF OPEB liability	$ 6,638,311	$ 5,376,347	$ 4,411,057

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources Related to OPEBs

At September 30, 2022 the City reported a liability of $5,376,347 for its Total SDBF OPEB liability. The total SDBF liability was determined by an actuarial valuation as of December 31, 2021. For the year ended

September 30, 2022, the City recognized SDBF OPEB expense of $548,705. There were no changes of benefit terms that affected measurement of the Total SDBF Liability during the measurement period.

Changes in the SDBF OPEB Liability

	Total SDBF OPEB Liability
Balance at 12/31/2020	$ 5,107,376
Changes for the year:	
Service cost	233,130
Interest	103,668
Difference between expected and actual experience	(158,830)
Changes of assumptions	172,092
Benefit payments	(81,089)
Net changes	268,971
Balance at 12/31/2021	$ 5,376,347

Total OPEB liability as a percentage of covered payroll was 5.30%.

At September 30, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to other SDBF post-employment benefits from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	$ 53,411	$ 292,777
Changes in actuarial assumptions	1,012,573	85,357
Contributions subsequent to the measurement date	138,626	-
Totals	$ 1,204,610	$ 378,134

The $138,626 reported as deferred outflows of resources related to SDBF OPEB resulting from contributions subsequent to the measurement date will be recognized as a reduction of the Total SDBF Liability for the year ending September 30, 2023. Other amounts reported as deferred outflows of resources related to SDBF OPEB will be recognized in OPEB expense as follows:

Year Ending September 30	Net Deferred Outflows/(Inflows)
2023	$ 211,907
2024	171,991
2025	178,596
2026	116,459
2027	8,897
Total	$ 687,850

C. Deferred Compensation Plan

The City offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. For the calendar years 2021 and 2022, the plan, available to all permanent City employees, permitted them to defer, until future years, up to $19,500 and $20,500, respectively. Employees who are age 50 or older may contribute an additional amount of $6,500, the total not to exceed $27,000 in 2022. Employees who are within three years of retirement eligibility may elect to participate in a catch-up provision allowed by Section 457, which has an annual maximum contribution amount of $39,000 in 2021 and $41,000 in 2022. The withdrawal of deferred compensation funds is only available to employees by loan, termination, retirement, death, or unforeseeable emergency.

All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property or rights are, until paid or made available to the employee or other beneficiary, solely the property and rights of the employees. Accordingly, the assets and associated liability of the plan are not included in the City’s financial statements.

It is the opinion of the City's legal counsel that the City has no liability for losses under the plan.

D. Self-insurance Plan

The City has established a self-insurance plan for liability and workers' compensation claims in the Risk Retention Fund. Accrued claims payable include provisions for claims reported and claims incurred but not reported. The provision for reported claims is determined by estimating the amount which will ultimately be paid for each claimant. The provision for claims incurred but not yet reported is estimated based on actuarial studies.

It is the practice of the City of Denton not to purchase commercial insurance for workers' compensation claims or general liability. Commercial liability insurance coverage is purchased for general liability, aviation ground operations liability, auto liability and physical damage, public officials’ liability, professional liability for emergency medical service operations, employment practices liability, law enforcement professional liability, cyber, and commercial crime (employee theft and dishonesty).

Additionally, excess insurance is purchased for general liability, flood (for specific properties), and workers’ compensation exposures. The City reports liabilities when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated to meet the deductible for the policy. Liabilities include an amount for claims that have been incurred but not reported. Because actual claim liabilities depend on such complex factors as inflation, changes in legal doctrines, and damage awards, the process used in computing claims liability does not necessarily result in an exact amount.

In January 2008, the City started a self-insured group employee health insurance plan. Claims are paid from the Health Insurance Fund, which has an annually negotiated stop loss provision.

The City's costs associated with the self-insurance plans are interfund transactions. Accordingly, they are treated as operating revenues of the Internal Service Risk Retention Fund and Health Insurance Fund and operating expenditures (expenses) of the other funds and employee payroll deductions.

Claims liabilities are re-evaluated periodically to take into consideration settlement of claims, new claims and other factors. As of September 30, 2022, the estimated value of these liabilities was $6,898,411. Changes in balances of claims liabilities during fiscal years 2022 and 2021 were as shown as follows:

	Claims Liability Beginning of Fiscal Year	Claims and Change in Estimates	Claims Payments	Claims Liability End of Fiscal Year
Workers' Compensation				
2022	$ 2,570,673	$ 1,460,256	$ 1,153,093	$ 2,877,836
2021	2,230,084	1,332,855	992,266	2,570,673
General Liability				
2022	$ 1,226,589	$ 550,502	$ 270,626	$ 1,506,465
2021	949,594	486,452	209,457	1,226,589
Health Insurance				
2022	$ 1,962,033	$ 25,052,103	$ 24,500,026	$ 2,514,110
2021	1,914,115	21,127,066	21,079,148	1,962,033

On September 30, 2022, the City of Denton had a negative unrestricted net position of $3,668,776 in the Risk Retention Fund and an additional positive net position of $3,056,785 in the Health Insurance Fund for payment of claims, both in addition to the liability balances recorded. There were no significant reductions in insurance coverage from coverage in the prior year, and the amount of settlements did not exceed insurance coverage in the current year or in any of the past three fiscal years.

E. Commitments and Contingencies

Agreement with TMPA

In 1976, the City, along with the cities of Bryan, Greenville, and Garland, Texas (the Cities) entered into a Power Sales Contract with the Texas Municipal Power Agency (TMPA). TMPA was created through concurrent ordinances of the Cities and is governed by a Board of Directors consisting of eight members, two appointed by the governing body of each city. Under the terms of the agreement, TMPA agreed to construct or acquire electric generating plants to supply energy and power to the Cities for a period of not less than 35 years. The Cities in turn agreed to purchase all future power and energy requirements in excess of the amounts generated by their systems from TMPA at prices intended to cover operating costs and retirement of debt. In the event that revenues were insufficient to cover all costs and retire the outstanding debt, each of the cities guaranteed a portion of the unpaid debt based, generally, upon the pro rata share.

TMPA, a municipal corporation, is governed by a Board of Directors consisting of eight members. The governing body of each of the four Cities appoints two members to the Board. An affirmative vote of five Directors, plus a weighted majority vote based on the respective energy usage of the Cities, is required for major decisions.

The City pays TMPA a pro-rated monthly charge based on the City's contractual portion of TMPA's annual fixed operating costs and debt service payments, which is currently 21.3%. As of September 30, 2022, total TMPA long-term debt outstanding was approximately $212,538,000, all of which was transmission debt and has no effect on the term of the contract. All outstanding generation debt was paid off on September 1, 2018.

Effective September 1, 2016, TMPA and the Member Cities entered into a Joint Operating Agreement (JOA). In general, the purposes of the JOA include: (i) funding TMPA operations such as mine reclamation, transmission service, and plant decommissioning following expiration of the Power Sales Contract (PSC); (ii) subject to certain exceptions, requiring Member City approval for the issuance of new debt, the execution of certain significant contracts, and the sale of property exceeding $10 million in value; (iii) specifying provisions for determining how costs of TMPA and proceeds from the sale of assets are to be allocated among the Member Cities; (iv) providing for the establishment by TMPA of reserve funds for the decommissioning of the plant and the indemnification of TMPA Board Members and Member City officials, employees, contractors, and agents; and (v) dividing the operations of TMPA into three business functions (mine, generation, and transmission) and requiring separate budgets and books for each business function.

The PSC provides upon dissolution of TMPA, the assets of TMPA automatically being transferred to the Member Cities, with each Member City receiving an undivided interest in the assets of TMPA in proportion to the amount paid by the Member City to TMPA. The JOA requires TMPA to periodically make this calculation for each business unit and sets out formulas for making these calculations. Under the JOA, these ownership calculations are relevant not only to the allocation of assets upon dissolution of TMPA, but also to the allocation of certain proceeds from the sale of assets, and in some cases, the allocation of TMPA costs.

At the request of a majority of the Member Cities, TMPA is required by the JOA to transfer a divided interest in the transmission system to each Member City. Under this partition process, the objective is for each City to receive ownership of transmission facilities in the vicinity of the Member City, and in proportion to the Member City's ownership interest in the transmission business. Any such transfer of transmission assets must be in compliance with relevant bond covenants, including those requiring defeasance of all or a portion of transmission debt.

The JOA included a reclamation plan for the mine, required the development of a decommissioning plan, and set out standards for environmental remediation. TMPA is required to comply with these plans and standards.

Under the JOA, in discharging its contractual obligations, including mine reclamation, decommissioning, transmission service, environmental remediation, indemnification, and other obligations, TMPA is rendering services to the Member Cities. The JOA obligates each Member City to pay the cost of these services, and to collect rates and charges for electric service sufficient to enable it to pay to TMPA all amounts due under the JOA for these services. The City's payment obligations under the JOA are payable exclusively from such electric utility revenues and constitute an operating expense of the electric system.

Unless terminated earlier through the mutual consent of all parties, the JOA remains in effect until the dissolution of TMPA and the winding up of its affairs.

Effective September 1, 2016, the JOA was amended (Amendment No. 1). The primary purposes of the amendment were to authorize the sale of Gibbons Creek and the sale of the Southern 345 kV Transmission System and to authorize the issuance of refunding bonds in connection with such sales. As the sale contemplated by Amendment No. 1 did not occur, by its own terms, Amendment No. 1 ceased to have any force or effect. Effective September 22, 2017, the JOA was amended a second time (Amendment No. 2). The purposes of this amendment are to: continue TMPA's authority to issue mine reclamation bonds as had been contemplated in Amendment No. 1; revise the dates on which the separate budgets of the JOA become effective; authorize TMPA to sell certain mining and transmission assets, provided the sales do not exceed in value certain financial thresholds, and provided the sales comply with bond covenants; and allow for an extension to the term of the PSC, applicable only to the cities notifying TMPA of the extension, in order to complete a period of seasonal operation in 2018, or such other period of time as desired by the notifying cities. Pursuant to this provision, the City extended the PSC from September 1, 2018 to September 30, 2018,

in order to complete the period of 2018 seasonal operation. As of September 30, 2018, the PSC had expired for all member cities.

On September 17, 2019 the JOA was amended (Amendment No. 3). The amendment defined portions specific to the generation business that had been tied to the expired PSC and clarified all board members may vote on matters involving decommissioning and the sale of the plant. It exempted financial commitments related to bonding from the requirement to obtain approval of all Member Cities relating to certain budget increases. This is to address concerns by the Attorney General of Texas that a potential situation could arise where a Member City could interfere with TMPA's existing bond deposit requirement obligations ("bond reserve equivalent") should that obligation require a 20% increase over the previous year's budget. The amendment also allows for the sale of mine tracts only after the completion of mine reclamation. This would permit the sale of a mine tract subject to bonding provided that the conveyance reserves easements, leases, or other property rights are reserved to enable TMPA to complete reclamation.

On June 28, 2021 the JOA was amended (Amendment No. 4). This amendment modified the agreement to make it unambiguous that in the event that all mining assets are sold, all Member Cities shall remain responsible for the costs of closing the mining operation according to each's percentage share and that these are included: "all obligations are discharged with respect to mine reclamation bonds, surety bonds, banking agreements, letters of credit, and other financial commitments related to providing financial security or assurance for TMPA's mine reclamation responsibilities." Additionally, it modified the agreement by removing the cap on sales of the mining assets and allowed for the sale of the mine as a whole.

Effective September 26, 2017, Gibbons Creek transitioned into a seasonal operations mode, operating during the summer months only (May-September). Due to the significant decline in service utility of the generation assets, such assets were deemed largely impaired as of September 30, 2017. On June 1, 2019, the TMPA Board of Directors voted to permanently retire the generation facility. The City also wholly impaired its TMPA prepaid purchase power due to the retirement and had a remaining balance recorded of $19,784,143 in Other Assets in the Electric fund to be amortized over the remaining 3.5 remaining years. See note IV.F. for more information.

In 2019, TMPA issued a request for proposal involving only the sale of generation assets. Proposals were received in August 2019, and TMPA entered into negotiations with one of the proposers. On December 10, 2020, the TMPA Board of Directors approved a fully negotiated Asset Purchase Agreement (APA) with Gibbons Creek Environmental Redevelopment Group LLC (GCERG). As required by the TMPA Joint Operating Agreement, each TMPA member city was required to approve the APA. On January 26, 2021, the City Council approved the APA with GCERG. On February 10, 2021, TMPA and GCERG closed on the sale of the Gibbons Creek Steam Generation Plant and property. Through the sale, GCERG acquired 6,200 acres including the plant, CCR (coal combustion residuals) units, and reservoir. GCERG must decommission the plant and remediate all CCR units to TCEQ/EPA standards. GCERG provides independent financial security to TMPA for remediation/decommissioning and post closure activities and certain land use limits imposed on CCR containing parcels. The City's Electric fund had a liability recorded for TMPA's decommissioning obligation of $21,167,124 as of September 30, 2020. As part of the sale of Gibbons Creek, the City paid $6,037,368 of this liability in February 2021. The remaining liability of $15,129,756 was recognized as a gain in other non-operating revenues. This sale to GCERG only includes the generation assets and TMPA retained the approximate 11,000 acres associated with the mine land and all transmission assets.

On July 15, 2021 the TMPA Board of Directors authorized the Gibbons Creek Lignite Mine with approximately 11,000 acres to be sold with the sale being finalized in December 2021. The City received its portion of the sale in the amount of $15,174,089 which was recorded as revenues in the Electric fund for the fiscal year ending September 30, 2022. Following the closing, TMPA will continue to conduct mine reclamation activities pursuant to a reclamation easement that will remain in effect until all bonded areas are released from bond.

Selected financial statement information of TMPA is as follows:

	September 30 (Unaudited)	
	2022	2021
	(000s)	(000s)
Operating revenues	$ 34,281	$ 40,062
Operating expenses	16,855	17,079
Operating income	17,426	22,983
Other non-operating sources (uses)	(108)	(1,967)
Current unrestricted assets	24,063	54,983
Total assets and deferred outflows	214,339	232,913
Long-term debt – Noncurrent	205,963	200,318
Total liabilities and deferred inflows	238,321	240,306
Total net position	(23,982)	(7,393)

Financial statements for TMPA are available from the TMPA website www.texasmpa.org.

Power Purchase Agreements

Following is a list of power purchase agreements in effect as of the publication date of these financial statements. The information provided is all that is allowed under the confidentiality provision(s) of the particular agreements.

NextEra - In 2009, the City entered into a power purchase agreement for firm energy and associated renewable energy credits with NextEra Energy Power Marketing, LLC.

Santa Rita, Wind - In 2016, the City entered into a 20-year power purchase agreement for wind energy, capacity, and environmental attributes with Santa Rita Wind Energy, LLC.

NextEra - In 2015, the City entered into a 20-year power purchase agreement with Bluebell Solar Energy, LLC, a subsidiary of NextEra Energy, Inc. Under the agreement, the City purchases solar energy, capacity, and environmental attributes commencing from the commercial operation date which was November 2018.

Engie - In 2018, the City entered into a 15-year power purchase agreement with Engie Long Draw Solar, LLC. Under the agreement, which is scheduled to end June 2035, the City will purchase 75 MW of solar generation and environmental attributes. The in-service date was December 29, 2020.

NextEra - In 2018, the City entered into a 15-year power purchase agreement with Bluebell Solar II Energy, LLC, a subsidiary of NextEra Energy, Inc. Under the agreement, the City will purchase 100 MW of solar generation and environmental attributes. Commercial operation was achieved on December 28, 2020.

Samson Solar - In 2018, City of Denton entered into a 15-year power purchase agreement with Samson Solar Energy, LLC. Under the agreement, which was scheduled to end in 2037, the city would purchase 75 MW of solar generation and environmental attributes. Samson Solar Energy LLC alleged various Force Majeure events that impacted the project and ultimately defaulted on the agreement. While the company was in default of its obligations, the company sent notice to terminate the agreement to the City of Denton. The City is currently in legal proceedings to recover all of its damages.

Encumbrances

As discussed in note I.D., Budgetary information, encumbrances are utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At year

end the total amount encumbered in governmental funds expected to be honored upon performance by the vendor in the next year were as follows:

General Fund	$ 2,179,804
Capital Projects Fund	42,770,887
ARPA Fund	1,328,847
Nonmajor Governmental Funds	3,655,628
Total	$ 49,935,166

F. Tax Abatements

The City enters into economic development incentive agreements with entities to promote development and redevelopment within the City, stimulate commercial activity, generate additional sales tax, and enhance the property tax base and economic vitality of the City. Some agreements provide for an abatement of property taxes, while others provide for a rebate of a portion of sales and use tax or a portion of ad valorem (property) tax, as established per the agreements. The incentives are performance-based, and the City generally expects to receive increased revenue because of the agreements. These incentive agreements require approval by a City Council ordinance and are authorized under Chapter 312 (Property Redevelopment and Tax Abatement Act) of the Texas Tax Code and Chapter 380 of the Texas Local Government Code.

Property Tax Abatements

Tax abatements under Chapter 312 of the Texas Tax Code allow the City to designate tax reinvestment zones and negotiate tax abatement agreements with applicants. In 1990, the City Council adopted a resolution setting guidelines and criteria for granting abatements in the reinvestment zones which specifically notes incentives are limited to companies which create new wealth and do not adversely affect existing businesses operating within the City. The City is required to renew/adopt a Tax Abatement Policy every two years in accordance with Chapter 312 of the Texas Tax Code. The last policy was adopted in March of 2022. The abatement agreements authorize the appraisal districts to reduce the assessed value of the taxpayer's property by a percentage specified in the agreement, and the taxpayer will pay taxes on the lower assessed value during the term of the agreement. For the fiscal year ended September 30, 2022, the City abated property taxes totaling $153,895 under this program, as detailed in the following agreements:

- Peterbilt – In 2016, a 70% tax abatement agreement for a term of eight years was granted to Peterbilt Motors on new capital investments, including the construction of a new stand-alone 102,000 square foot building. In the event of a failure to meet the conditions of the agreement, an increased assessed value of real property of at least $18.5 million, the agreement provides for a full refund of all abatements previously granted plus interest. The abatement amount for the current fiscal year was $122,985.
- West Gate Business Park (WGBP) – In 2016, a 60% tax abatement agreement for a term of ten years was granted to WGBP on new capital investments only to include Buildings 2 and 3 in the business park. WGBP could receive an additional 10% abatement for the location of a supplier to an existing primary industry and/or an additional 5% for the location of a national headquarters for a total abatement of up to 75%. In the event of a failure to meet the conditions of the agreement, an increased assessed value of real property of at least $3 million, the agreement provides for a full refund of all abatements previously granted plus interest. The abatement amount for the current fiscal year was $30,910.

The City has an additional abatement agreement not listed above for Tyson Sales and Distribution. The grantee contracted their expansions in the current economic climate and has not met the timely completion

requirements in the Agreement for the construction of the required facility. The project will likely be terminated or amended.

Chapter 380 Agreements

The City Council has the authority under Chapter 380 of the Texas Local Government Code to grant or loan City funds in order to accomplish specific economic development goals. These incentives are considered on a case-by-case basis. The City has target industry sectors for recruitment that will be given priority consideration: aviation/aerospace, advanced manufacturing, renewable energy, research and development, information technology, supply chain for existing primary employers, and significant consumers of municipal utilities. Consideration may also be given for projects causing infill redevelopment or other desirable development objectives and/or any other activity which the City Council determines meets a specific public purpose for economic development.

Eight agreements are based on the contribution in sales, property, and/or hotel tax. For the fiscal year ended September 30, 2022, the City rebated sales taxes totaling $2,953,752, property taxes totaling $672,372 ($197,203 of which was paid out of the Westpark TIRZ No. Two), and hotel occupancy taxes totaling $866,947.

Two active agreements are based on Job-based and Expansion/Relocation Grants. For the fiscal year ended September 30, 2022, the City provided cash grant reimbursements totaling $50,000 for Job-based Grants and $17,400 for Expansion/Relocation Grants.

Details of the agreements are detailed as follows:

- Unicorn Lake – In 2004, an agreement was approved for Unicorn Lake, an urban-style mixed-use development. The grantee receives one-third of the City sales tax, or 0.5%, generated by the project for a maximum of fifteen years as reimbursement for public improvement costs related to the project not to exceed $6,664,901 plus accrued interest. The tax rebates initiated in 2010 and will terminate in 2025. The tax rebate amount for the current fiscal year was $83,083.

- Rayzor Ranch – In 2007, an agreement was approved for the Rayzor Ranch mixed-use development. The 410-acre project will have over one million square feet of retail and will be built in two phases. The agreement provides a sales tax reimbursement of one half of the City sales tax, or 0.75%, generated by the project for public improvement costs, which include the widening of a state highway bisecting the project. The grantee will receive a maximum of $20 million over a 15-year term for phase one and a maximum of $48 million over a term of 20 years for phase two. An additional 15% of the City sales tax, or 0.225%, was added to both phases to offset the hotel and convention center costs until $5 million is reached. As of the current fiscal year, the tax rebate amount for phase one was $1,431,669 and the tax rebate amount for phase two was $995,287.

- Golden Triangle Mall – In 2011, an agreement was approved for a major renovation of the Golden Triangle Mall. A threshold of a minimum $45 to $65 million was required as an investment into the property to receive a one-half share of the sales tax resulting from the renovations, less a monthly mall baseline amount established at $95,898. The total grant payments may not exceed 15.83% of the required investment. GTM Development has invested $49.5 million in the development. Tenant investments in the property amounted to $8.8 million, for a total invest of $58.3 million. Based on this total investment the total grant payment should not exceed $9.2 million. The tax rebates initiated in 2016 and will terminate in 2035. The tax rebate amount for the current fiscal year was $71,309.

- Mayday Manufacturing – In 2012, an agreement was approved for Mayday Manufacturing/Tailwind Technologies for the relocation of the business and expansion of a manufacturing facility. The agreement provides a 75% tax rebate on the increment of property tax revenue generated above the base valuation for a period of ten years. In the event of a failure to meet the conditions of the

agreement, an increased assessed value of real property of at least $3 million, the agreement provides for a 50% refund of all rebates previously granted. The tax rebate amount for the current fiscal year was $49,871.

- West Gate Business Park (WGBP) – In 2015, an agreement was approved for West Gate Business Park (WGBP) for industrial development and provided for a 70% rebate of increased City property tax revenue generated for a period of ten years. WGBP includes three multi-tenant buildings totaling 413,000 square feet of new industrial/manufacturing space in the City. In 2016 the agreement was amended to include a 70% rebate on Building 1 improvements and to add a one-time grant payment in the amount of $50,000. The tax rebate amount for the current fiscal year was $35,577.
- WinCo Foods – In 2015, an agreement was approved for WinCo Foods for a $135 million, 800,000 square foot distribution facility expected to create 165 jobs with an annual payroll of around $7.2 million. In the event of a failure to meet the conditions of the agreement, the agreement provides for a 20-50% refund of all rebates previously granted, depending on the timing of a failure. WinCo received reimbursement for infrastructure financing from Water and Wastewater funds and a local sales and use tax grant for the construction and equipping of the facility in prior fiscal years, completing those portions of the agreement. The active portion of the agreement provides for the following:
    - A grant equal to 100% of the incremental property tax generated by the property and paid into the Tax Increment Fund by both the City and the County, paid annually until the full reimbursement of the project costs for public improvements is reached. The tax rebate amount out of the Westpark TIRZ No. Two for the current fiscal year was $197,203, with $139,668 being the City portion of the tax rebate and $57,535 being the County portion of the tax rebate.
    - A grant equal to 60% of City property taxes attributable to improvements resulting in an increase of assessed value of real property improvements and tangible personal property, paid annually until full reimbursement of the project costs for public improvements is reached. Once this full reimbursement is reached, the 60% property tax rebate will continue for a period of four years as long as the increase in investment in improvements is $50 million excluding purchase price of the property. The tax rebate amount for the current fiscal year was $240,599.
- O'Reilly Hotel Partners Denton – In 2015, an agreement was approved for O'Reilly Hotel Partners Denton for a convention center with a hotel and restaurant located in the Rayzor Ranch Town Center. The agreement includes a 100% rebate of the property tax (excluding land, inventory, vehicles, and supplies), hotel occupancy tax, and sales tax generated by the project. The term is for a maximum of 25 years or a combined principal ($28 million) and interest ($26 million) amount of $54 million is reached, whichever comes first. The agreement also includes 100% rebate of the construction sales tax up to $850,000, then 50% thereafter. The construction sales tax rebate portion of the agreement was completed in fiscal year 2017-2018. In the event of a failure to meet the conditions of the agreement, the agreement provides for a 100% refund of all rebates granted in the previous year. The rebate amounts for the current fiscal year were $66,254 for sales tax, $149,122 for property tax, and $866,947 for hotel occupancy tax.
- Buc-ee's Travel Center – In 2015, an agreement was approved for Buc-ee's Travel Center. The agreement provides a sales tax reimbursement of one half of the City sales tax, or 0.75%, generated from businesses located within the property boundaries for a five-year period. At the conclusion of the sales tax reimbursement term, the City has agreed to a one-time cash grant payment of $2 million

minus the total sales tax previously reimbursed, only if the grantee has not received a full $2 million in sales tax reimbursements. In addition, at the conclusion of the sales tax reimbursement term, the agreement provides a sales tax reimbursement infrastructure grant of one half of the City sales tax, or 0.75%, generated by the Buc-ee's Travel Center and developed outparcels that contain sit-down restaurants or retail establishments for a period of twenty years. The City has also agreed to pay the grantee one quarter of the City sales tax, or 0.375%, generated by outparcels not included in the previously mentioned infrastructure grant, including fast food restaurants and drive-through uses. The tax rebate amount for the current fiscal year was $306,150.

- TeamOfDefenders – In 2020 an agreement was approved for TeamOfDefenders. The agreement consists of a performance-based five-year expansion grant up to $50,000 to be provided as a reimbursement of actual costs. In addition, the company was awarded a stratified Job-based Grant based on annual wages of new employees, not to exceed $29,500. They were awarded an additional $500 residency bonus for new employees, not to exceed $27,000. The total incentive package is not to exceed $106,500. The Job-based Grant initiated in 2020, but there were no new jobs added this fiscal year. The Expansion Grant did not initiate in this fiscal year.

- Safran – In 2021 an agreement was approved for Safran. The agreement consists of a performance-based five-year expansion grant up to $50,000 to be provided as a reimbursement of actual costs. In addition, the company was awarded a stratified Job-based Grant based on annual wages of new employees, not to exceed $101,500. They were awarded an additional $300 residency grant for new resident employees and $700 bonus for new established resident employees, not to exceed $23,625. The total incentive package is not to exceed $175,125. The Expansion Grant was competed this this fiscal year with a $50,000 reimbursement for their expansion. The Job-based Grant payment was made this fiscal year in the amount of $17,400.

The City has two additional Chapter 380 Expansion/Relocation and Job-based Grants agreements not listed above becoming effective in future fiscal years for From the Future and DynaGrid should the grantee meet the obligations of the agreements. The City has one additional Chapter 380 abatement agreement for United States Cold Storage (USCS) and is currently in the process of terminating the Agreement due to the grantee failing to meet conditions of the Agreement by not obtaining a Texas Direct Pay Permit and by the City not being able to verify the sales taxes for the construction and equipping of the facility.

G. Litigation

Various claims and lawsuits are pending against the City. In accordance with GAAP, those judgments considered "probable" are accrued (see case below), while those claims and judgments considered "reasonably possible" are disclosed but not accrued. In the opinion of City management and legal counsel, the maximum amount of all significant claims considered reasonably possible, excluding condemnation proceedings and the item described following, is approximately $500,000 as of September 30, 2022. Potential losses after insurance coverage on all probable claims and lawsuits will not have a material effect on the City's financial position as of September 30, 2022.

Michael Grim and Jim Maynard v. City of Denton

This case is a whistleblower retaliation lawsuit that was tried before a Dallas County jury. After a lengthy trial, involving disputed issues of law that were properly preserved for appeal, the jury awarded roughly $4.0 million in damages to the two plaintiffs, and the City has filed an appeal. Plaintiffs alleged that their terminations were in retaliation for their report to the City Attorney of an individual City Council member's release of proprietary vendor data to the press. The City's position was that Plaintiffs were actually fired at will for lying to management about their participation in hunting and fishing trips with the vendors who ultimately won the bids on a city project. Based on the trial court's final reduced jury judgment by the application of statutory caps on damages, the City has accrued the $2.7 million as a long-term liability in the Electric fund. It is possible that the judgment may be reversed or modified on appeal.

H. Subsequent Events

The City has evaluated all events or transactions that occurred after September 30, 2022 up through March 2, 2023, the date the financial statements were issued.

The City signed a power purchase agreement with a data center to provide and sell energy in August 2021 over seven years. In December 2022, the entity filed for Chapter 11 bankruptcy. The revised revenue forecast for the data center will financially impact the Electric Fund. The City recognizes the situation and the potential future impacts.

I. New Accounting Pronouncements

The Governmental Accounting Standards Board (GASB) issued the following statement which became effective for the fiscal year ending September 30, 2022.

Statement No. 87 "*Leases"* – This Statement is to improve the accounting and financial reporting for leases by governments by requiring recognition of certain lease assets and liabilities previously classified as operating leases. It establishes a single model for lease accounting based on the principle that leases are financing the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, enhancing the relevance and consistency of information about leasing activities. This Statement was effective for periods beginning after June 15, 2021 and was implemented by the City in fiscal year 2022. See note IV.I. for more information.

GASB Statement No. 89 "*Accounting for Interest Cost Incurred before the End of a Construction Period*" - This Statement was implemented to (1) enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. Interest cost incurred before the end of a construction period will be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. This statement was effective for periods beginning after December 15, 2020 and was implemented by the City in fiscal year 2022.

Statement No. 92 "Omnibus 2020" – This Statement is intended to enhance the comparability in accounting and financial reporting and to improve consistency of authoritative literature by addressing practice issues identified during implementation and application of certain GASB Statements. Statement No. 92 was effective for periods beginning after June 15, 2021 and was implemented by the City in fiscal year 2022.

Statement No. 93 "*Replacement of Interbank Offered Rate*" – This Statement addresses accounting and other financial reporting implications that result from the replacement of an interbank offered rate (IBOR), most notably the London Interbank Offered Rate (LIBOR), and provides exceptions for certain hedging derivate instruments when and clarifies the hedge accounting termination provisions. The removal of LIBOR as an appropriate benchmark interest rate was effective for reporting periods ending after December 31, 2021. All other requirements of this Statement were effective for reporting periods beginning after June 15, 2021 and was implemented by the City in fiscal year 2022.

Statement No. 97 "*Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans-An Amendment of GASB No. 14 and No. 84, and a Supersession of GASB Statement No. 32"* – This Statement will result in more consistent financial reporting of defined contribution pension plans, defined contribution OPEB plans, and other employee benefit plans, while mitigating the costs associated with reporting those plans. The requirements also will enhance the relevance, consistency, and comparability of (1) the information related to Section 457 plans that meet the definition of a pension plan and the benefits provided through those plans and (2) investment information for all Section 457 plans. This Statement was effective for periods beginning after June 15, 2021 and was implemented by the City in fiscal year 2022.

The following statements for the GASB are effective for future fiscal years ending as listed below. The City is in the process of reviewing and evaluating these statements and their potential impact on the City's financial statements.

Statement No. 91 "*Conduit Debt Obligations*" – This Statement clarifies the existing definition of conduit debt obligations (CDO) and establishes the CDO as not a liability of the issuer. Under this Statement, it establishes the accounting and financial reporting of additional commitments and voluntary commitments extended by the issuers and arrangements associated with CDOs and improves required note disclosures. This Statement was effective for periods beginning after December 15, 2021 and is effective for the City's fiscal year ending September 30, 2023.

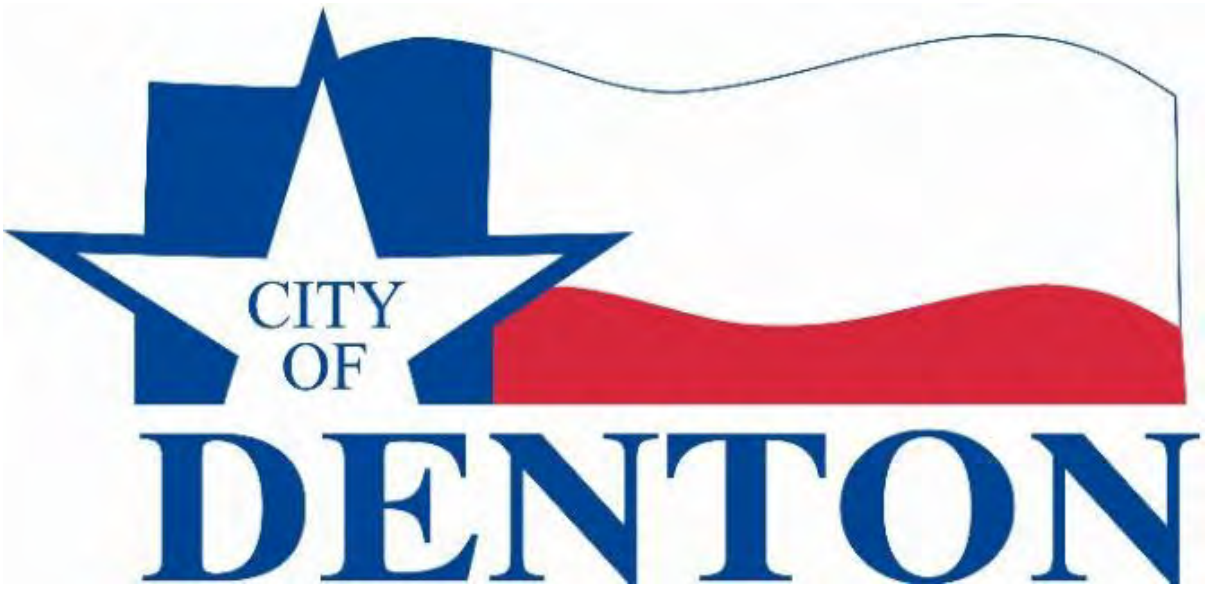
Statement No. 94 "*Public-Private and Public-Public Partnerships and Availability Payment Arrangements*" – The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). As used in this Statement, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period in an exchange or exchange-like transaction. This Statement also provides guidance for accounting and financial reporting for availability payment arrangements (APAs). As defined in this Statement, an APA is an arrangement in which a government compensates an operator for services that may include designing, constructing, financing, maintaining, or operating an underlying nonfinancial asset for a period in an exchange or exchange-like transaction. The requirements of this Statement are effective for fiscal years beginning after June 15, 2022 and is effective for the City's fiscal year ending September 30, 2023.

Statement No. 96 "Subscription-Based Information Technology Arrangements (SBITA)" – This Statement provides guidance on accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, Leases, as amended. The requirements of this Statement are effective for fiscal years beginning after June 15, 2022 and is effective for the City's fiscal year ending September 30, 2023.

Statement No. 99 "Omnibus 2022" - This Statement is intended to enhance comparability in accounting and financial reporting and to improve consistency of authoritative literature by addressing g (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The requirements of this Statement are effective for fiscal years beginning after June 15, 2023 and is effective for the City's fiscal year ending September 30, 2024.

Statement No. 100 "*Accounting Changes and Error Corrections - An Amendment of GASB Statement No. 62*" - This statement to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. The requirements of this Statement are effective for fiscal years beginning after June 15, 2023 and is effective for the City's fiscal year ending September 30, 2024.

****


CITY
OF
DENTON

CITY OF DENTON, TEXAS **Exhibit XI**
REQUIRED SUPPLEMENTARY INFORMATION
TEXAS MUNICIPAL RETIREMENT SYSTEM
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
LAST EIGHT FISCAL YEARS (PREVIOUS YEARS ARE NOT AVAILABLE)[1]

	Measurement Year 2014	Measurement Year 2015	Measurement Year 2016	Measurement Year 2017	Measurement Year 2018
Total pension liability:					
Service Cost	$ 10,667,694	$ 12,615,957	$ 13,925,238	$ 14,514,171	$ 14,990,529
Interest (on the total pension liability)	25,182,941	26,905,700	27,656,654	29,543,513	31,468,411
Difference between expected and actual experience	(171,241)	(1,525,911)	763,589	1,514,980	1,255,443
Change of assumptions	-	(428,789)	-	-	-
Benefit payments, including refunds of employee contributions	(11,387,617)	(12,697,735)	(13,023,330)	(16,349,644)	(18,238,039)
Net change in total pension liability	24,291,777	24,869,222	29,322,151	29,223,020	29,476,344
Total pension liability - beginning	360,116,261	384,408,038	409,277,260	438,599,411	467,822,431
Total pension liability - ending (a)	$ 384,408,038	$ 409,277,260	$ 438,599,411	$ 467,822,431	$ 497,298,775
Plan fiduciary net position:					
Contributions - employer	$ 13,065,763	$ 13,615,410	$ 14,046,860	$ 14,821,752	$ 15,107,443
Contributions - employee	4,991,415	5,365,231	5,712,464	6,014,227	6,175,407
Net investment income (loss)	16,867,596	469,530	21,947,635	48,954,660	(12,175,765)
Benefit payments, including refunds of employee contributions	(11,387,617)	(12,697,735)	(13,023,330)	(16,349,644)	(18,238,039)
Administrative expense	(176,083)	(285,957)	(247,766)	(253,578)	(235,169)
Other	(14,477)	(14,123)	(13,349)	(12,851)	(12,287)
Net change in plan fiduciary net position	23,346,597	6,452,356	28,422,514	53,174,566	(9,378,410)
Plan fiduciary net position - beginning	294,819,596	318,166,193	324,618,549	353,041,063	406,215,629
Plan fiduciary net position - ending (b)	$ 318,166,193	$ 324,618,549	$ 353,041,063	$ 406,215,629	$ 396,837,219
Net pension liability - ending (a) - (b)	$ 66,241,845	$ 84,658,711	$ 85,558,348	$ 61,606,802	$ 100,461,556
Plan fiduciary net position as a percentage of total pension liability	82.77%	79.32%	80.49%	86.83%	79.80%
Covered payroll	$ 71,025,494	$ 76,646,157	$ 81,481,789	$ 85,227,078	$ 88,179,581
Net pension liability as a percentage of covered payroll	93.26%	110.45%	105.00%	72.29%	113.93%

(continued on the following page)

[1]Schedule is intended to present information for ten years. Additional years of information will be presented as they become available.

CITY OF DENTON, TEXAS **Exhibit XI**
REQUIRED SUPPLEMENTARY INFORMATION
TEXAS MUNICIPAL RETIREMENT SYSTEM
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
LAST EIGHT FISCAL YEARS (PREVIOUS YEARS ARE NOT AVAILABLE)[1]

	Measurement Year 2019	Measurement Year 2020	Measurement Year 2021
Total pension liability:			
Service Cost	$ 16,283,811	$ 18,685,981	$ 17,667,234
Interest (on the total pension liability)	33,434,342	35,523,156	37,617,145
Difference between expected and actual experience	2,005,979	2,636,510	8,560,080
Change of assumptions	1,438,798	-	-
Benefit payments, including refunds of employee contributions	(20,234,184)	(26,603,058)	(24,025,384)
Net change in total pension liability	32,928,746	30,242,589	39,819,075
Total pension liability - beginning	497,298,775	530,227,521	560,470,110
Total pension liability - ending (a)	$ 530,227,521	$ 560,470,110	$ 600,289,185
Plan fiduciary net position:			
Contributions - employer	$ 16,255,126	$ 18,613,464	$ 17,849,684
Contributions - employee	6,693,287	7,536,737	7,095,275
Net investment income (loss)	61,399,432	34,987,709	64,564,009
Benefit payments, including refunds of employee contributions	(20,234,184)	(26,603,058)	(24,025,384)
Administrative expense	(346,657)	(226,230)	(298,515)
Other	(10,413)	(8,826)	2,046
Net change in plan fiduciary net position	63,756,591	34,299,796	65,187,115
Plan fiduciary net position - beginning	396,837,219	460,593,810	494,893,606
Plan fiduciary net position - ending (b)	$ 460,593,810	$ 494,893,606	$ 560,080,721
Net pension liability - ending (a) - (b)	$ 69,633,711	$ 65,576,504	$ 40,208,464
Plan fiduciary net position as a percentage of total pension liability	86.87%	88.30%	93.30%
Covered payroll	$ 95,618,386	$ 107,576,172	$ 101,361,066
Net pension liability as a percentage of covered payroll	72.82%	60.96%	39.67%

(concluded)

[1]Schedule is intended to present information for ten years. Additional years of information will be presented as they become available.

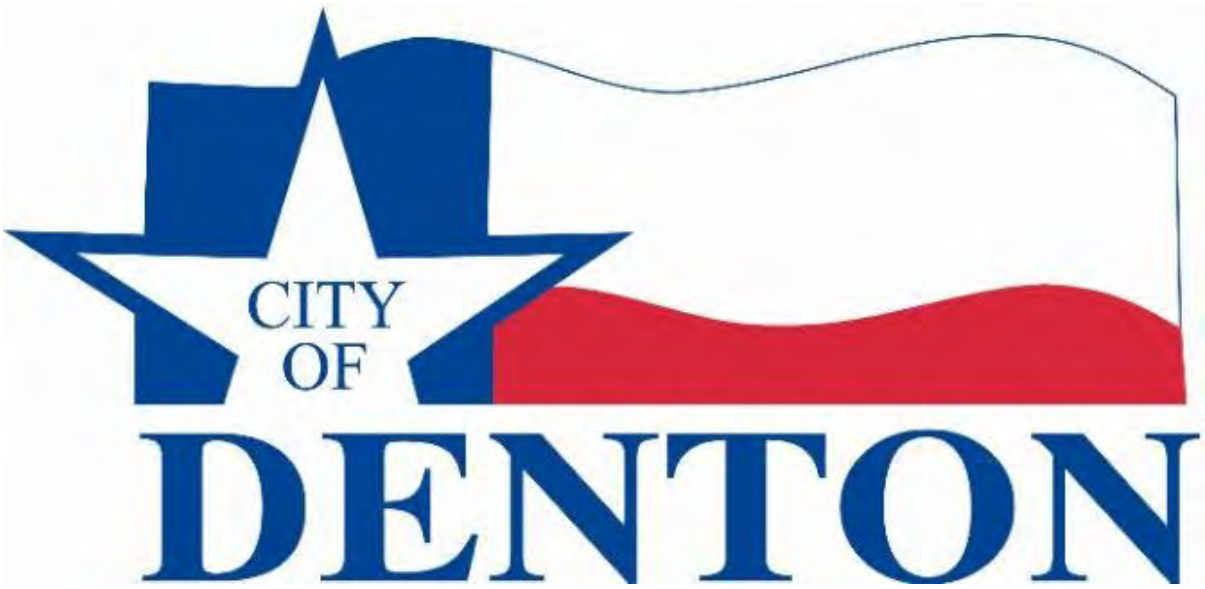
CITY OF DENTON, TEXAS **Exhibit XII**
REQUIRED SUPPLEMENTARY INFORMATION
TEXAS MUNICIPAL RETIREMENT SYSTEM
SCHEDULE OF CONTRIBUTIONS
LAST TEN FISCAL YEARS (Unaudited)

Fiscal Year	(a) Actuarially Determined Contributions	(b) Contributions in Relation to the Actuarially Determined Contributions	(c) Contribution Excess (Deficiency) (b) - (a)	(d) Covered Payroll	Contributions as a Percentage of Covered Payroll (b)/(d)
2013	$ 12,174,640	$ 12,171,482	$ (3,158)	$ 64,940,234	18.74%
2014	12,912,746	12,911,461	(1,285)	69,872,024	18.48%
2015	13,507,272	13,507,272	-	75,379,632	17.92%
2016	14,435,638	14,435,638	-	83,127,601	17.37%
2017	14,648,606	14,648,606	-	84,753,377	17.28%
2018	14,931,800	14,931,800	-	86,832,074	17.20%
2019	16,035,042	16,035,042	-	94,158,313	17.03%
2020	17,562,597	17,562,597	-	101,964,029	17.22%
2021	17,794,920	17,794,920	-	101,641,023	17.51%
2022	18,471,103	18,471,103	-	105,519,237	17.50%

Notes to Schedule:
Actuarial determined contribution rates are calculated as of December 31st and become effective in January, 13 months later. Contributions above do not include contributions into the supplemental death benefit fund.

Methods and assumptions used to determine contribution rate for 2022:

Actuarial Cost Method	**Entry Age Normal**
Amortization Method	**Level Percentage of Payroll, Closed**
Remaining Amortization Period	**24 Years (Equivalent Single Amortization Period of 13.9 years)**
Asset Valuation Method	**10 Year Smoothed Market; 12% Soft Corridor**
Inflation	**2.50%**
Salary Increases	**3.50% to 11.50% including inflation**
Investment Rate of Return	**6.75%**
Retirement Age	**Experience-based table of rates that are specific to the City's plan of benefits. Last updated for the 2019 valuation pursuant to an experience study of the period 2014 - 2018.**
Mortality	**Post-retirement: 2019 Municipal Retiress of Texas Mortality Tables. The rates are projected on a fully generational basis with scale UMP.** **Pre-retirement: PUB(10) mortality tables, with the Public Safety table used for males and the General Employees table used for females. The rates are projected on a fully generational basis with scale UMP.**
Other	**There were not benefit changes during the year**


CITY
OF
DENTON

CITY OF DENTON, TEXAS
REQUIRED SUPPLEMENTARY INFORMATION
DENTON FIREMEN'S RELIEF AND RETIREMENT FUND
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
LAST EIGHT FISCAL YEARS (PREVIOUS YEARS ARE NOT AVAILABLE)[1]

Exhibit XIII

	Measurement Year 2014	Measurement Year 2015	Measurement Year 2016	Measurement Year 2017	Measurement Year 2018
Total pension liability:					
Service Cost	$ 2,747,253	$ 2,836,263	$ 3,089,911	$ 3,182,608	$ 3,615,495
Interest (on the total pension liability)	5,685,396	5,998,959	6,135,588	6,493,255	7,049,261
Changes of benefit terms	-	-	-	-	-
Difference between expected and actual experience	-	(2,063,421)	-	2,040,716	-
Change of assumptions	-	2,331,908	-	-	-
Benefit payments, including refunds of employee contributions	(4,036,009)	(4,048,358)	(4,270,006)	(3,768,829)	(4,055,856)
Net change in total pension liability	4,396,640	5,055,351	4,955,493	7,947,750	6,608,900
Total pension liability - beginning	80,490,694	84,887,334	89,942,685	94,898,178	102,845,928
Total pension liability - ending (a)	$ 84,887,334	$ 89,942,685	$ 94,898,178	$ 102,845,928	$ 109,454,828
Plan fiduciary net position:					
Contributions - employer	$ 2,566,875	$ 2,567,219	$ 2,759,844	$ 2,979,807	$ 3,434,007
Contributions - employee	1,745,419	1,803,064	1,997,155	2,142,990	2,338,837
Net investment income (loss)	4,411,066	(3,287,188)	6,935,215	8,793,234	(183,148)
Benefit payments, including refunds of employee contributions	(4,036,009)	(4,048,358)	(4,270,006)	(3,768,829)	(4,055,856)
Administrative expense	(81,005)	(76,538)	(94,175)	(63,669)	(87,899)
Net change in plan fiduciary net position	4,606,346	(3,041,801)	7,328,033	10,083,533	1,445,941
Plan fiduciary net position - beginning	66,412,172	71,018,518	67,976,717	75,304,750	85,388,283
Plan fiduciary net position - ending (b)	$ 71,018,518	$ 67,976,717	$ 75,304,750	$ 85,388,283	$ 86,834,224
Net pension liability - ending (a) - (b)	$ 13,868,816	$ 21,965,968	$ 19,593,428	$ 17,457,645	$ 22,620,604
Plan fiduciary net position as a percentage of total pension liability	83.66%	75.58%	79.35%	83.03%	79.33%
Covered payroll	$ 14,238,486	$ 14,310,032	$ 15,850,437	$ 17,007,857	$ 18,562,198
Net pension liability as a percentage of covered payroll	97.40%	153.50%	123.61%	102.64%	121.86%

(continued on the following page)

[1]Schedule is intended to present information for ten years. Additional years of information will be presented as they become available.

CITY OF DENTON, TEXAS **Exhibit XIII**
REQUIRED SUPPLEMENTARY INFORMATION
DENTON FIREMEN'S RELIEF AND RETIREMENT FUND
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
LAST EIGHT FISCAL YEARS (PREVIOUS YEARS ARE NOT AVAILABLE)1

	Measurement Year 2019	Measurement Year 2020	Measurement Year 2021
Total pension liability:			
Service Cost	$ 3,723,960	$ 4,252,475	$ 4,380,049
Interest (on the total pension liability)	7,497,583	8,293,527	8,791,959
Changes of benefit terms	-	-	1,074,140
Difference between expected and actual experience	1,526,958	-	4,783,943
Change of assumptions	3,446,011	-	-
Benefit payments, including refunds of employee contributions	(4,206,975)	(5,655,539)	(4,923,273)
Net change in total pension liability	11,987,537	6,890,463	14,106,818
Total pension liability - beginning	109,454,828	121,442,365	128,332,828
Total pension liability - ending (a)	$ 121,442,365	$ 128,332,828	$ 142,439,646
Plan fiduciary net position:			
Contributions - employer	$ 3,639,740	$ 4,069,311	$ 4,249,769
Contributions - employee	2,478,958	2,771,532	2,894,437
Net investment income (loss)	15,141,275	12,313,949	21,206,371
Benefit payments, including refunds of employee contributions	(4,206,975)	(5,655,539)	(4,923,273)
Administrative expense	(71,427)	(116,909)	(87,866)
Net change in plan fiduciary net position	16,981,571	13,382,344	23,339,438
Plan fiduciary net position - beginning	86,834,224	103,815,795	117,198,139
Plan fiduciary net position - ending (b)	$ 103,815,795	$ 117,198,139	$ 140,537,577
Net pension liability - ending (a) - (b)	$ 17,626,570	$ 11,134,689	$ 1,902,069
Plan fiduciary net position as a percentage of total pension liability	85.49%	91.32%	98.66%
Covered payroll	$ 19,674,270	$ 21,996,287	$ 22,971,722
Net pension liability as a percentage of covered payroll	89.59%	50.62%	8.28%

(concluded)

[1]**Schedule is intended to present information for ten years. Additional years of information will be presented as they become available.**

CITY OF DENTON, TEXAS **Exhibit XIV**
REQUIRED SUPPLEMENTARY INFORMATION
FIREMEN'S RELIEF AND RETIREMENT FUND
SCHEDULE OF CONTRIBUTIONS
LAST TEN FISCAL YEARS (Unaudited)

Fiscal Year	(a) Annual Required Contributions	(b) Contributions in Relation to the Annual Required Contributions	(c) Contribution Excess (Deficiency) (b) - (a)	(d) Covered Payroll	Contributions as a Percentage of Covered Payroll (b)/(d)
2013	$ 2,579,453	$ 2,579,453	$ -	$ 13,629,825	18.93%
2014	2,576,652	2,576,652	-	13,828,070	18.63%
2015	2,535,719	2,535,719	-	14,029,051	18.07%
2016	2,819,046	2,819,046	-	15,540,826	18.14%
2017	2,924,757	2,924,757	-	16,747,217	17.46%
2018	3,310,248	3,310,248	-	18,080,014	18.31%
2019	3,610,711	3,610,711	-	19,517,358	18.50%
2020	3,838,014	3,838,014	-	20,746,026	18.50%
2021	4,158,368	4,158,368	-	22,477,667	18.50%
2022	4,440,025	4,440,025	-	24,000,134	18.50%

Notes to Schedule:
Annual required contributions are not actuarially determined. In accordance with city ordinance since 2017, the City has contributed to the Firemen's Relief and Retirement Fund at the rate of 18.5%, the assumed actuarial valuation rate over the unfunded liability amortization period.

While the contribution requirements are not actuarially determined, state law requires an actuary certify the assumed City contribution rate is adequate. Methods and assumptions used to contribution adequacy in the December 31, 2021 actuarial valuation:

Actuarial Cost Method	**Entry Age**
Amortization Method	**Level Percentage of Payroll, Open**
Remaining Amortization Period	**9.1 Years**
Asset Valuation Method	**5-year smoothing**
Inflation	**2.50%**
Salary Increases	**3.00% annual general compensation increase plus promotion, step, and longevity increases which average 1.98% per year over a 30-year career**
Investment Rate of Return	**6.75%, net of pension plan investment expense, including inflation**
Retirement Age	**Average expected age at retirement of 57**
Mortality	**PubS-2010 (public safety) total dataset mortality tables for employees and for retirees (sec distinct), projected for morality improvement generationally using the projection scale MP-2019**

CITY OF DENTON, TEXAS **Exhibit XV**
REQUIRED SUPPLEMENTARY INFORMATION
MEDICAL OTHER POST-EMPLOYMENT BENEFITS
SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS
LAST FIVE FISCAL YEARS (PREVIOUS YEARS ARE NOT AVAILABLE)[1,2]

	Measurement Year 2017	Measurement Year 2018	Measurement Year 2019	Measurement Year 2020	Measurement Year 2021
Total OPEB liability:					
Service Cost	$ 1,750,172	$ 1,995,008	$ 2,052,606	$ 2,884,792	$ 3,554,317
Interest (on the total OPEB liability)	1,360,179	1,329,949	1,507,925	1,186,428	995,640
Changes of benefit terms	-	-	-	-	-
Difference between expected and actual experience	-	(150,485)	(1,512,289)	329,072	(1,283,436)
Change of assumptions or other inputs	2,067,787	(1,724,923)	1,444,810	3,664,984	(1,091,668)
Benefit payments	(742,818)	(899,361)	(1,126,992)	(1,695,382)	(1,826,367)
Net change in total OPEB liability	4,435,320	550,188	2,366,060	6,369,894	348,486
Total OPEB liability - beginning	35,196,570	39,631,890	40,182,078	42,548,138	48,918,032
Total OPEB liability - ending	$ 39,631,890	$ 40,182,078	$ 42,548,138	$ 48,918,032	$ 49,266,518
Covered-employee payroll	$ 104,783,403	$ 109,480,718	$ 118,063,295	$ 130,944,182	$ 126,595,871
Net pension liability as a percentage of covered-employee payroll	37.82%	36.70%	36.04%	37.36%	38.92%

[1]Schedule is intended to present information for ten years. Additional years of information will be presented as they become available.

[2]There are no assets accumlated in a trust that meets the criteria in Paragraph 4 of GASB Statement No. 75 to pay related benefits.

Methods and assumptions used to determine contribution rate for 2022:

Actuarial cost method	Individual Entry-Age Normal
Discount rate	1.84% (Based on the Fidelity Index's "20-Year Municipal GO AA Index" rates as of December 31, 2021.) The prior year discount rate was 2.00%.
Inflation rate	2.50%
Projected salary increases	3.5% to 11.5% for TMRS and 3.00% to 9.18% for Fire, including inflation
Demographic assumptions	Based on the experience study covering the four-year period ending December 31, 2018 as conducted for the Texas Municipal Retirement System (TMRS) and the assumptions used in the December 31, 2021 actuarial valuation for the Denton Firemen's Relief and Retirement Fund.
Healthcare trend rates	Initial rate of 7.00% declining to an ultimate rate of 4.15% after 13 years.
Mortality	TMRS: For healthy retirees, the gender-distinct 2019 Municipal Retirees of Texas mortality tables are used. The rates are projected on a fully generational basis using the ultimate mortality improvement rates in the MP tables published through 2019 to account for future mortality improvements. Fire: For healthy retirees, the gender-distinct PubS-2010 (safety employees) total data set mortality tables are used. The rates are projected on a fully generational basis using the project scale MP-2019.
Participation rates	65% for employees retiring at age 65 or older; 45% for employees retiring between the ages of 50 and 64; 5% for employees retiring between the ages of 45 and 49; 0% for employees retiring before the ages of 45.

CITY OF DENTON, TEXAS **Exhibit XVI**
REQUIRED SUPPLEMENTARY INFORMATION
TEXAS MUNICIPAL RETIREMENT SYSTEM - SUPPLEMENTAL DEATH BENEFIT FUND
SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS
LAST FIVE FISCAL YEARS (PREVIOUS YEARS ARE NOT AVAILABLE)[1,2]

	Measurement Year 2017	Measurement Year 2018	Measurement Year 2019	Measurement Year 2020	Measurement Year 2021
Total OPEB liability:					
Service Cost	$ 144,886	$ 176,359	$ 152,989	$ 236,668	$ 233,130
Interest (on the total OPEB liability)	106,885	110,831	130,143	115,434	103,668
Difference between expected and actual experience	-	155,143	(284,991)	(28,782)	(158,830)
Change of assumptions or other inputs	270,541	(247,941)	680,198	720,927	172,092
Benefit payments	(17,045)	(17,636)	(28,686)	(32,273)	(81,089)
Net change in total OPEB liability	505,267	176,756	649,653	1,011,974	268,971
Total OPEB liability - beginning	2,763,726	3,268,993	3,445,749	4,095,402	5,107,376
Total OPEB liability - ending	$ 3,268,993	$ 3,445,749	$ 4,095,402	$ 5,107,376	$ 5,376,347
Covered-employee payroll	$ 85,227,078	$ 88,179,581	$ 95,618,386	$ 107,576,172	$ 101,361,066
Net pension liability as a percentage of covered-employee payroll	3.84%	3.91%	4.28%	4.75%	5.30%

[1]**Schedule is intended to present information for ten years. Additional years of information will be presented as they become available.**

[2]**There are no assets accumlated in a trust that meets the criteria in Paragraph 4 of GASB Statement No. 75 to pay related benefits.**

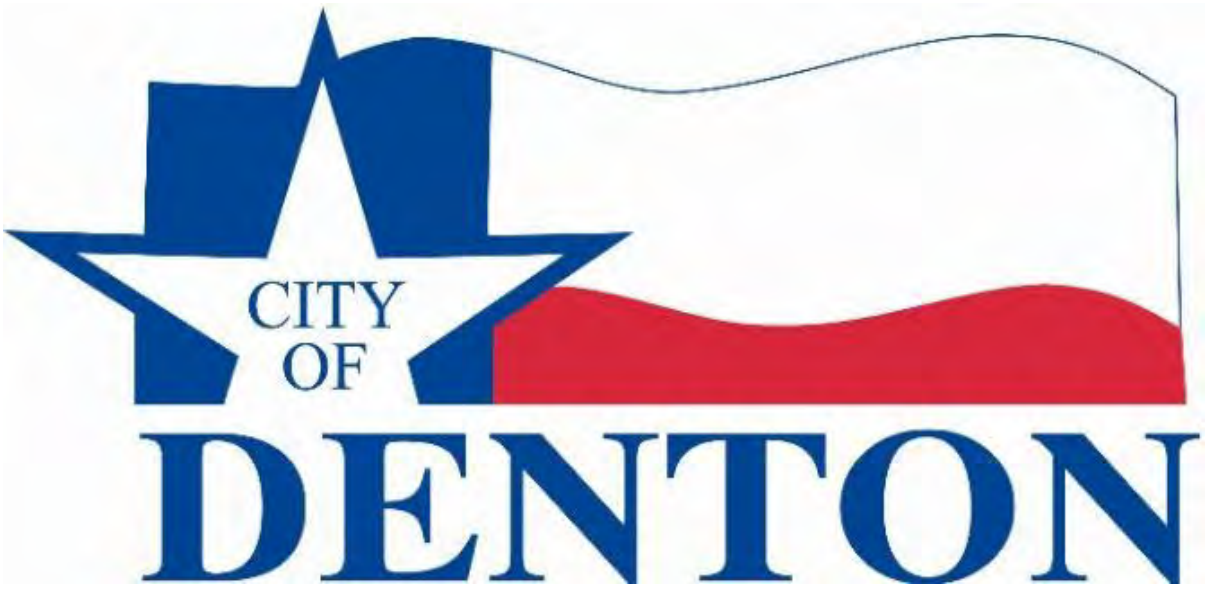
Methods and assumptions used to determine contribution rate for 2022:

Inflation rate	**2.50% per annum**
Discount rate	**1.84% (Based on the Fidelity Index's "20-Year Municipal GO AA Index" rates as of December 31, 2021.) The prior year discount rate was 2.00%.**
Actuarial cost method	**Entry Age Normal**
Projected salary increases	**3.5% to 11.5% including inflation**
Retirees' share of benefit-related	**$0**
Administrative expenses	**All administrative expenses are paid through the Pension Trust and accounted for under reporting requirements under GASB No. 68.**
Mortality rates - service retirees	**2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generational basis with scale UMP.**
Mortality rates - disabled retirees	**2019 Municipal Retirees of Texas Mortality Tables with a 4 year set-forward for males and a 3 year set-forward for females. In addition, a 3.5% and 3% minimum mortality rate will be applied to reflect the impairment for younger members who become disabled for males and females, respectively. The rates are projected on a fully generational basis by Scale UMP to account for future mortality improvements subject to the floor.**

CITY OF DENTON, TEXAS **Exhibit XVII**
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET TO ACTUAL
DEBT SERVICE FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2022

	Budgeted Amounts		Actual	Adjustments - Budgetary	Actual on a Budgetary	Variance with Final Budget - Positive
	Original	Final	Amounts	Basis	Basis	(Negative)
REVENUES:						
Taxes	$ 30,218,767	$ 30,218,767	$ 29,680,544	$ -	$ 29,680,544	$ (538,223)
Investment revenue (loss)	100,000	100,000	(99,051)	-	(99,051)	(199,051)
Total revenues	30,318,767	30,318,767	29,581,493	-	29,581,493	(737,274)
EXPENDITURES:						
Debt service:						
Principal, interest and fiscal charges	93,815,225	93,815,225	32,517,297	60,853,511	93,370,808	444,417
Bond refunding	-	-	55,186	(55,186)	-	-
Bond issuance costs	-	-	20,307	(20,307)	-	-
Total expenditures	93,815,225	93,815,225	32,592,790	60,778,018	93,370,808	444,417
Excess (deficiency) of revenues over (under) expenditures	(63,496,458)	(63,496,458)	(3,011,297)	(60,778,018)	(63,789,315)	(292,857)
OTHER FINANCING SOURCES (USES):						
Refunding bonds issued	-	-	2,145,000	(2,145,000)	-	-
Payment to refunded bond agent	-	-	(2,203,141)	2,203,141	-	-
Premium on debt issuance	-	-	77,336	(77,336)	-	-
Transfers in	61,946,458	61,946,458	722,892	60,853,511	61,576,403	(370,055)
Total other financing sources (uses)	61,946,458	61,946,458	742,087	60,834,316	61,576,403	(370,055)
Net change in fund balance	(1,550,000)	(1,550,000)	(2,269,210)	56,298	(2,212,912)	(662,912)
Fund balance at beginning of year	4,680,742	4,680,742	4,680,742	-	4,680,742	-
Fund balance at end of year	$ 3,130,742	$ 3,130,742	$ 2,411,532	$ 56,298	$ 2,467,830	$ (662,912)

Adjustments - Budgetary Basis are pass-through debt service payments budgeted as transfers in from enterprise and internal service funds.
Other Financing Sources (Uses) related to refunding are adjusted out as they are non-budgeted items reducing future debt service payments.


CITY
OF
DENTON

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

Special revenue funds are used to account for specific revenues that are legally restricted to expenditures for particular purposes.

Community Development Block Grant (CDBG) – to account for the operations of projects utilizing Community Development Block Grant Funds. Such revenues are restricted to expenditures for specified projects by the Department of Housing and Urban Development.

Recreation – to account for the revenues and expenditures for the recreation programs that are self-supporting. All expenditures will be reimbursed 100%. Various business operations, such as concessions, fall into this account.

Criminal Justice – to account for revenue received from the State of Texas Criminal Justice Division and other grants administered by the police department.

Police Confiscation – to account for revenues received from confiscated goods. Expenditures are restricted to enhancing law enforcement.

Tourist and Convention – to account for taxes received from hotel and motel occupancy for the purpose of promoting tourism.

Street Improvement – to account for street maintenance and improvement activities.

Gas Well Revenues – to account for the receipt of royalty, pooling, tax, and lease revenue related to park gas wells.

Citizens' Park Trusts – to account for several small trust funds that are for park development.

All Other – to account for miscellaneous special revenue sources that are required to finance specific activities.

CITY OF DENTON, TEXAS **Exhibit XVIII**
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
AS OF SEPTEMBER 30, 2022

	Special Revenue Funds				
	Community Development Block Grant	Recreation	Criminal Justice	Police Confiscation	Tourist and Convention
ASSETS					
Cash, cash equivalents and investments, at fair value	$ -	$ 119,740	$ -	773,295	$ 1,740,185
Receivables (net of allowances):					
Taxes	-	-	-	-	321,138
Accrued interest	-	338	-	2,198	4,946
Other	-	29,596	-	19,357	-
Due from other governments	985,096	-	98,845	-	-
Total assets	$ 985,096	$ 149,674	$ 98,845	$ 794,850	$ 2,066,269
LIABILITIES AND FUND BALANCES					
LIABILITIES:					
Accounts payable	135,178	228,406	3,926	-	227,825
Interfund payables	776,769	-	94,920	-	-
Retainage payable	-	-	-	-	-
Unearned revenues	-	-	-	-	-
Total liabilities	911,947	228,406	98,846	-	227,825
DEFERRED INFLOWS OF RESOURCES:					
Unavailable revenue - general services	-	16,117	-	-	-
Unavailable revenue - intergovernmental	4,862	-	87,872	-	-
Total deferred inflows of revenues	4,862	16,117	87,872	-	-
FUND BALANCES (DEFICIT):					
Restricted for:					
Parks and recreation	-	-	-	-	-
Streets and drainage projects	-	-	-	-	-
Other grants and purposes	73,149	-	-	794,850	1,838,444
Committed to:					
Streets	-	-	-	-	-
Parks and recreation	-	-	-	-	-
Other purposes	-	-	-	-	-
Assigned to:					
Other purposes	-	-	-	-	-
Unassigned	(4,862)	(94,849)	(87,873)	-	-
Total fund balance (deficit)	68,287	(94,849)	(87,873)	794,850	1,838,444
Total liabilities, deferred inflows of resources, and fund balances (deficit)	$ 985,096	$ 149,674	$ 98,845	$ 794,850	$ 2,066,269

(continued on the following page)

CITY OF DENTON, TEXAS **Exhibit XVIII**
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS (concluded)
AS OF SEPTEMBER 30, 2022

	Special Revenue Funds				Total
	Street Improvement	Gas Well Revenues	Citizens' Park Trusts	All Other	Nonmajor Governmental Funds
ASSETS					
Cash, cash equivalents and investments, at fair value	$ 8,246,770	$ 134,744	$ 8,682,936	$ 22,424,554	$ 42,122,224
Receivables (net of allowances):	-				
Taxes	-	-	-	-	321,138
Accrued interest	23,439	383	24,679	57,232	113,215
Other	-	-	-	49,277	98,230
Due from other governments	-	-	-	464,360	1,548,301
Total assets	$ 8,270,209	$ 135,127	$ 8,707,615	$ 22,995,423	$ 44,203,108
LIABILITIES AND FUND BALANCES					
LIABILITIES:					
Accounts payable	699,320	-	-	-	1,294,655
Interfund payables	-	-	-	-	871,689
Retainage payable	-	-	-	3,230	3,230
Unearned revenues	-	-	-	19,733	19,733
Total liabilities	699,320	-	-	22,963	2,189,307
DEFERRED INFLOWS OF RESOURCES:					
Unavailable revenue - general services	-	-	-	-	16,117
Unavailable revenue - intergovernmental	-	-	-	322,955	415,689
Total deferred inflows of revenues	-	-	-	322,955	431,806
FUND BALANCES (DEFICIT):					
Restricted for:					
Parks and recreation	-	135,127	8,707,615	141,469	8,984,211
Streets and drainage projects	-	-	-	13,960,748	13,960,748
Other grants and purposes	-	-	-	2,268,238	4,974,681
Committed to:					
Streets	7,570,889	-	-	-	7,570,889
Parks and recreation	-	-	-	-	-
Other purposes	-	-	-	6,598,000	6,598,000
Assigned to:					
Other purposes	-	-	-	610	610
Unassigned	-	-	-	(319,560)	(507,144)
Total fund balance (deficit)	7,570,889	135,127	8,707,615	22,649,505	41,581,995
Total liabilities, deferred inflows of resources, and fund balances (deficit)	$ 8,270,209	$ 135,127	$ 8,707,615	$ 22,995,423	$ 44,203,108

(concluded)

CITY OF DENTON, TEXAS **Exhibit XIX**
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2022

	Special Revenue Funds				
	Community Development Block Grant	Recreation	Criminal Justice	Police Confiscation	Tourist and Convention
REVENUES:					
Tax revenue	$ -	$ -	$ -	$ -	$ 3,684,534
Franchise fees	-	-	-	-	-
Fines and forfeitures	-	-	-	283,449	-
Fees for services	-	1,822,402	-	-	-
Investment revenue (loss)	-	(75)	-	5,317	(3,862)
Intergovernmental	2,885,689	-	71,420	-	-
Miscellaneous	74,183	23,111	-	-	-
Total revenues	2,959,872	1,845,438	71,420	288,766	3,680,672
EXPENDITURES:					
Current:					
General government	3,085,385	-	-	-	3,394,103
Public safety	-	-	110,942	27,417	-
Public works	-	-	-	-	-
Parks and recreation	-	6,434,856	-	-	-
Capital outlay	-	-	48,351	-	-
Total expenditures	3,085,385	6,434,856	159,293	27,417	3,394,103
Excess (deficiency) of revenues over (under) expenditures	(125,513)	(4,589,418)	(87,873)	261,349	286,569
OTHER FINANCING SOURCES (USES):					
Transfers in	-	4,357,497	-	-	-
Transfers out	-	(139,750)	-	-	(54,010)
Total other financing sources (uses)	-	4,217,747	-	-	(54,010)
Net change in fund balances	(125,513)	(371,671)	(87,873)	261,349	232,559
Fund balance (deficit) at beginning of year	193,800	276,822	-	533,501	1,605,885
Fund balance (deficit) at end of year	$ 68,287	$ (94,849)	$ (87,873)	$ 794,850	$ 1,838,444

(continued on the following page)

CITY OF DENTON, TEXAS **Exhibit XIX**
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS (concluded)
FOR THE YEAR ENDED SEPTEMBER 30, 2022

	Special Revenue Funds				Total Nonmajor Governmental Funds
	Street Improvement	Gas Well Revenues	Citizens' Park Trusts	All Other	
REVENUES:					
Tax revenue	$ -	$ -	$ -	$ 1,605,524	$ 5,290,058
Franchise fees	17,721,899	-	-	500,000	18,221,899
Fines and forfeitures	-	-	-	-	283,449
Fees for services	-	79,339	2,131,806	247,725	4,281,272
Investment revenue (loss)	(11,041)	822	(14,061)	20,033	(2,867)
Intergovernmental	-	-	-	1,069,089	4,026,198
Miscellaneous	56,154	-	-	6,994,510	7,147,958
Total revenues	17,767,012	80,161	2,117,745	10,436,881	39,247,967
EXPENDITURES:					
Current:					
General government	-	-	-	558,428	7,037,916
Public safety	-	-	-	1,083,115	1,221,474
Public works	10,099,405	-	-	469,025	10,568,430
Parks and recreation	-	-	101,915	112,568	6,649,339
Capital outlay	-	-	580,746	453,982	1,083,079
Total expenditures	10,099,405	-	682,661	2,677,118	26,560,238
Excess (deficiency) of revenues over (under) expenditures	7,667,607	80,161	1,435,084	7,759,763	12,687,729
OTHER FINANCING SOURCES (USES):					
Transfers in	1,306,002	-	-	712,922	6,376,421
Transfers out	(5,906,358)	-	-	(2,617,007)	(8,717,125)
Total other financing sources (uses)	(4,600,356)	-	-	(1,904,085)	(2,340,704)
Net change in fund balances	3,067,251	80,161	1,435,084	5,855,678	10,347,025
Fund balance (deficit) at beginning of year	4,503,638	54,966	7,272,531	16,793,827	31,234,970
Fund balance (deficit) at end of year	$ 7,570,889	$ 135,127	$ 8,707,615	$ 22,649,505	$ 41,581,995

(concluded)

CITY OF DENTON, TEXAS **Exhibit XX**
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET TO ACTUAL
SPECIAL REVENUE FUNDS: RECREATION FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2022

	Budgeted Amounts		Actual	Adjustments - Budgetary	Actual on a Budgetary	Variance with Final Budget - Positive
	Original	Final	Amounts	Basis	Basis	(Negative)
REVENUES:						
Fees for services	$ 2,065,051	$ 2,065,051	$ 1,822,402	$ -	$ 1,822,402	$ (242,649)
Investment revenue (loss)	12,875	12,875	(75)	-	(75)	(12,950)
Miscellaneous	31,068	31,068	23,111	-	23,111	(7,957)
Total revenues	2,108,994	2,108,994	1,845,438	-	1,845,438	(263,556)
EXPENDITURES:						
Current:						
Parks and recreation	5,953,170	6,356,065	6,434,856	(1,400,197)	5,034,659	1,321,406
Total expenditures	5,953,170	6,356,065	6,434,856	(1,400,197)	5,034,659	1,321,406
Excess (deficit) of revenues over (under) expenditures	(3,844,176)	(4,247,071)	(4,589,418)	1,400,197	(3,189,221)	1,057,850
OTHER FINANCING SOURCES (USES):						
Transfers in	5,329,988	5,329,988	4,357,497	-	4,357,497	(972,491)
Transfers out	(1,485,812)	(1,500,562)	(139,750)	(1,400,197)	(1,539,947)	(39,385)
Total other financing sources (uses)	3,844,176	3,829,426	4,217,747	(1,400,197)	2,817,550	(1,011,876)
Net change in fund balance	-	(417,645)	(371,671)	-	(371,671)	45,974
Fund balance at beginning of year	276,822	276,822	276,822	-	276,822	-
Fund balance at end of year	$ 276,822	$ (140,823)	$ (94,849)	$ -	$ (94,849)	$ 45,974

Adjustments - Budgetary Basis are expenditures allocated from and reimbursed to other funds. These expenditures are recorded as operating expenditures but budgeted as cost of service transfers.

CITY OF DENTON, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET TO ACTUAL
SPECIAL REVENUE FUNDS: POLICE CONFISCATION FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2022

Exhibit XXI

	Budgeted Amounts		Actual	Adjustments - Budgetary	Actual on a Budgetary	Variance with Final Budget - Positive
	Original	Final	Amounts	Basis	Basis	(Negative)
REVENUES:						
Fines and forfeitures	$ -	$ -	$ 283,449	$ -	$ 283,449	$ 283,449
Investment revenue	-	-	5,317	-	5,317	5,317
Miscellaneous	-	-	-	-	-	-
Total revenues	-	-	288,766	-	288,766	288,766
EXPENDITURES:						
Current:						
Public safety	75,000	75,000	27,417	-	27,417	47,583
Capital outlay	-	-	-	-	-	-
Total expenditures	75,000	75,000	27,417	-	27,417	47,583
Net change in fund balance	(75,000)	(75,000)	261,349	-	261,349	336,349
Fund balance at beginning of year	533,501	533,501	533,501	-	533,501	-
Fund balance at end of year	$ 458,501	$ 458,501	$ 794,850	$ -	$ 794,850	$ 336,349

CITY OF DENTON, TEXAS **Exhibit XXII**
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET TO ACTUAL
SPECIAL REVENUE FUNDS: TOURIST AND CONVENTION FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2022

	Budgeted Amounts		Actual	Adjustments - Budgetary	Actual on a Budgetary	Variance with Final Budget - Positive
	Original	Final	Amounts	Basis	Basis	(Negative)
REVENUES:						
Taxes	$ 2,875,354	$ 2,875,354	$ 3,684,534	$ -	$ 3,684,534	$ 809,180
Investment revenue (loss)	-	-	(3,862)	-	(3,862)	(3,862)
Total revenues	2,875,354	2,875,354	3,680,672	-	3,680,672	805,318
EXPENDITURES:						
Current:						
General government	3,073,250	3,448,250	3,394,103	-	3,394,103	54,147
Total expenditures	3,073,250	3,448,250	3,394,103	-	3,394,103	54,147
Excess (deficit) of revenues over (under) expenditures	(197,896)	(572,896)	286,569	-	286,569	859,465
OTHER FINANCING SOURCES (USES):						
Transfers out	-	-	(54,010)	-	(54,010)	(54,010)
Total other financing sources (uses)	-	-	(54,010)	-	(54,010)	(54,010)
Net change in fund balance	(197,896)	(572,896)	232,559	-	232,559	805,455
Fund balance at beginning of year	1,605,885	1,605,885	1,605,885	-	1,605,885	-
Fund balance at end of year	$ 1,407,989	$ 1,032,989	$ 1,838,444	$ -	$ 1,838,444	$ 805,455

CITY OF DENTON, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET TO ACTUAL
SPECIAL REVENUE FUNDS: STREET IMPROVEMENT FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2022

Exhibit XXIII

	Budgeted Amounts		Actual	Adjustments - Budgetary	Actual on a Budgetary	Variance with Final Budget - Positive
	Original	Final	Amounts	Basis	Basis	(Negative)
REVENUES:						
Franchise fees	$ 14,476,328	$ 14,476,328	$ 17,721,899	$ -	$ 17,721,899	$ 3,245,571
Fees for services	33,827	33,827	-	-	-	(33,827)
Investment revenue (loss)	42,000	42,000	(11,041)	-	(11,041)	(53,041)
Miscellaneous	-	-	56,154	-	56,154	56,154
Total revenues	14,552,155	14,552,155	17,767,012	-	17,767,012	3,214,857
EXPENDITURES:						
Current:						
Public Works	11,071,296	10,731,746	10,099,405	(968,616)	9,130,789	1,600,957
Debt service:						
Principal retirement	-	-	-	-	-	-
Total expenditures	11,071,296	10,731,746	10,099,405	(968,616)	9,130,789	1,600,957
Excess (deficit) of revenues over (under) expenditures	3,480,859	3,820,409	7,667,607	968,616	8,636,223	4,815,814
OTHER FINANCING SOURCES (USES):						
Transfers in	1,306,002	1,306,002	1,306,002	-	1,306,002	-
Transfers out	(5,246,213)	(5,585,763)	(5,906,358)	(968,616)	(6,874,974)	(1,289,211)
Total other financing sources (uses)	(3,940,211)	(4,279,761)	(4,600,356)	(968,616)	(5,568,972)	(1,289,211)
Net change in fund balance	(459,352)	(459,352)	3,067,251	-	3,067,251	3,526,603
Fund balance at beginning of year	4,503,638	4,503,638	4,503,638	-	4,503,638	-
Fund balance at end of year	$ 4,044,286	$ 4,044,286	$ 7,570,889	$ -	$ 7,570,889	$ 3,526,603

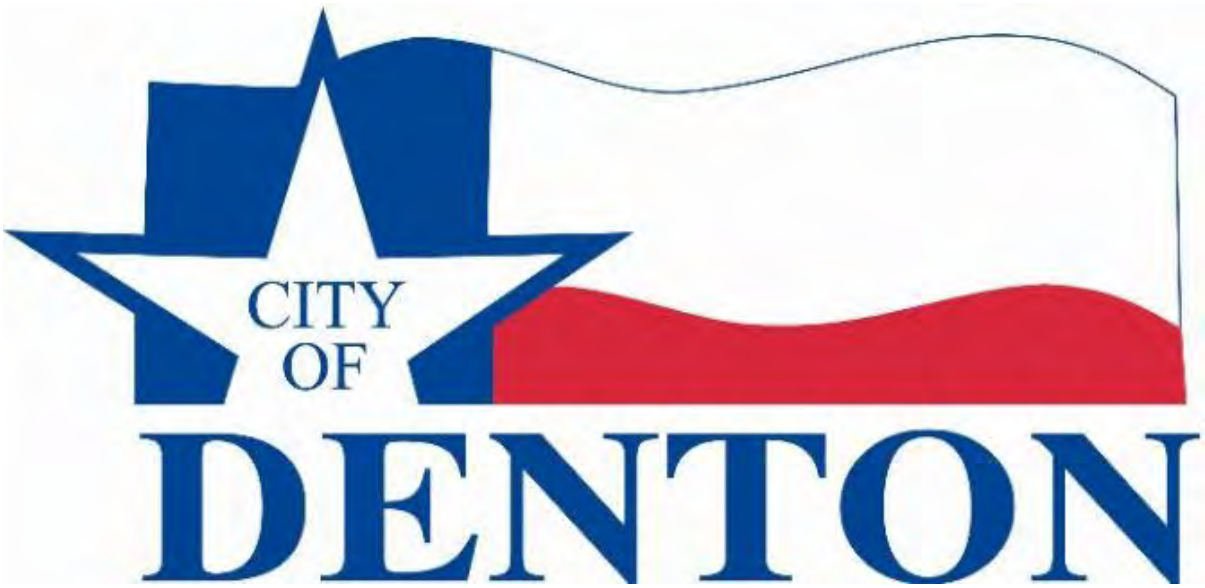
Adjustments - Budgetary Basis are expenditures allocated from and reimbursed to other funds. These expenditures are recorded as operating expenditures but budgeted as cost of service transfers.

CITY OF DENTON, TEXAS **Exhibit XXIV**
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET TO ACTUAL
SPECIAL REVENUE FUNDS: GAS WELL REVENUES FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2022

	Budgeted Amounts		Actual	Adjustments - Budgetary	Actual on a Budgetary	Variance with Final Budget - Positive
	Original	Final	Amounts	Basis	Basis	(Negative)
REVENUES:						
Fees for service	$ 20,000	$ 20,000	$ 79,339	$ -	$ 79,339	$ 59,339
Investment revenue	100	100	822	-	822	722
Total revenues	20,100	20,100	80,161	-	80,161	60,061
Excess of revenues over expenditures	20,100	20,100	80,161	-	80,161	60,061
OTHER FINANCING USES:						
Transfers out	(30,000)	(30,000)	-	-	-	30,000
Total other financing uses	(30,000)	(30,000)	-	-	-	30,000
Net change in fund balance	(9,900)	(9,900)	80,161	-	80,161	90,061
Fund balance at beginning of year	54,966	54,966	54,966	-	54,966	-
Fund balance at end of year	$ 45,066	$ 45,066	$ 135,127	$ -	$ 135,127	$ 90,061

CITY OF DENTON, TEXAS **Exhibit XXV**
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET TO ACTUAL
SPECIAL REVENUE FUNDS: CITIZENS' PARK TRUSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2022

	Budgeted Amounts		Actual	Adjustments - Budgetary	Actual on a Budgetary	Variance with Final Budget - Positive
	Original	Final	Amounts	Basis	Basis	(Negative)
REVENUES:						
Fees for service	$ 950,000	$ 950,000	$ 2,131,806	$ -	$ 2,131,806	$ 1,181,806
Investment revenue (loss)	60,000	60,000	(14,061)	-	(14,061)	(74,061)
Total revenues	1,010,000	1,010,000	2,117,745	-	2,117,745	1,107,745
EXPENDITURES:						
Current:						
Parks and recreation	-	-	101,915	-	101,915	(101,915)
Capital outlay	3,000,000	3,000,000	580,746	-	580,746	2,419,254
Total expenditures	3,000,000	3,000,000	682,661	-	682,661	2,317,339
Net change in fund balance	(1,990,000)	(1,990,000)	1,435,084	-	1,435,084	3,425,084
Fund balance at beginning of year	7,272,531	7,272,531	7,272,531	-	7,272,531	-
Fund balance at end of year	$ 5,282,531	$ 5,282,531	$ 8,707,615	$ -	$ 8,707,615	$ 3,425,084


CITY
OF
DENTON

INTERNAL SERVICE FUNDS

Internal Service Funds account for the financing of goods or services provided by one department for another.

The City has the following Internal Service Funds:

Materials Management Fund – to account for the financing of goods and services provided by the Materials Management operations of purchasing and warehouse to other City departments. Purchasing is responsible for procuring goods and services for City departments, and the warehouse maintains an inventory of materials and supplies used by City departments. Warehouse items are billed to other departments.

Fleet Services Fund – to account for the financing of goods and services provided by the Municipal Garage and Machine Shop to other City departments. Municipal Garage and Machine Shop billings include cost of parts and labor and administrative charges. Actual costs include depreciation on the building, improvements, machinery, and equipment used to provide the service.

Health Insurance Fund – to account for the accumulation of resources for the self-insurance activities of the City for employee medical insurance as well as other employee insurance benefits including long-term disability, short-term disability, dental insurance, and vision insurance.

Risk Retention Fund – to account for the accumulation of resources for the payment of activities associated with providing general liability insurance coverage and self-funded activities for City operations.

Technology Services Fund – to account for the accumulation of resources to provide computer services such as programming, support, training, maintenance, and office services to City departments.

Engineering Services Fund – to account for providing engineering, real estate, public works inspection, and development review services primarily to internal City departments although some services are provided to external entities.

Customer Service Fund – to account for providing customer service activities to residents and businesses for City departments. Services include bill pay, utility service requests, connect/disconnect services, maintenance of customer accounts, utility billing, operator calls, collections, accounts receivable, and cash handling.

Facilities Fund – to account for the maintenance of all city-owned facilities and vertical construction projects.

CITY OF DENTON, TEXAS
COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
AS OF SEPTEMBER 30, 2022

Exhibit XXVI

	Materials Management Fund	Fleet Services Fund	Health Insurance Fund	Risk Retention Fund
ASSETS:				
Current assets:				
Cash, cash equivalents and investments, at fair value	$ 247,992	$ 1,766,584	$ 5,300,629	$ 1,684,274
Receivables, net of allowances:				
Accrued interest	-	5,021	15,065	4,787
Other	-	51,600	-	110,052
Merchandise inventory	14,165,850	147,936	-	-
Prepaid items	15,649	-	-	-
Total current assets	14,429,491	1,971,141	5,315,694	1,799,113
Noncurrent assets:				
Restricted assets:				
Cash, cash equivalents and investments, at fair value	-	7,072,126	-	-
Accrued interest	-	20,100	-	-
Escrow deposit	-	-	255,201	10,000
Capital assets, net of accumulated depreciation	708,044	4,382,076	-	-
Total noncurrent assets	708,044	11,474,302	255,201	10,000
Total assets	15,137,535	13,445,443	5,570,895	1,809,113
DEFERRED OUTFLOWS OF RESOURCES:				
Deferred pension balances	357,357	398,461	-	150,268
Deferred other post employment benefits balances	114,475	126,614	-	43,982
Total deferred outflows of resources	471,832	525,075	-	194,250
LIABILITIES:				
Current liabilities:				
Accounts payable	1,712,860	1,562,576	-	290,978
Claims payable	-	-	2,514,110	951,282
Compensated absences payable	107,086	138,893	-	30,893
Deposits	-	-	-	-
Accrued interest	387	47,204	-	-
Interfund payables	12,443,348	-	-	-
Payable from restricted assets:	-			
Retainage payable	-	21,909	-	-
Certificate and general obligation bonds	47,553	264,194	-	-
Total current liabilities	14,311,234	2,034,776	2,514,110	1,273,153
Noncurrent liabilities:				
Payable from restricted assets:				
General obligation bonds payable	-	-	-	-
Certificates of obligation	-	6,882,694	-	-
Compensated absences payable	2,864	55,082	-	10,084
Claims payable	-	-	-	3,433,019
Net pension liability	363,989	490,543	-	317,233
Total other post-employment benefits liability	819,960	877,729	-	390,810
Total noncurrent liabilities:	1,186,813	8,306,048	-	4,151,146
Total liabilities	15,498,047	10,340,824	2,514,110	5,424,299
DEFERRED INFLOWS OF RESOURCES:				
Deferred inflows - leases	-	-	-	-
Deferred pension balances	519,413	578,097	-	220,887
Deferred other post employment benefits balances	66,967	76,351	-	26,953
Total deferred inflows of resources	586,380	654,448	-	247,840
NET POSITION:				
Net investment in capital assets	660,491	4,327,414	-	-
Unrestricted	(1,135,551)	(1,352,168)	3,056,785	(3,668,776)
Total net position	$ (475,060)	$ 2,975,246	$ 3,056,785	$ (3,668,776)

(continued on the following page)

CITY OF DENTON, TEXAS
COMBINING STATEMENT OF NET POSITION (concluded)
INTERNAL SERVICE FUNDS
AS OF SEPTEMBER 30, 2022

Exhibit XXVI

	Technology Services Fund	Engineering Services Fund	Customer Service Fund	Facilities Fund	Total Internal Service Funds
ASSETS:					
Current assets:					
Cash, cash equivalents and investments, at fair value	$ 4,885,809	$ 597,989	$ 761,236	$ 337,309	$ 15,581,822
Receivables, net of allowances:					
Accrued interest	13,886	1,700	2,149	959	43,567
Other	1,254,327	363,401	-	-	1,779,380
Merchandise inventory	-	-	-	-	14,313,786
Prepaid items	1,171	-		-	16,820
Total current assets	6,155,193	963,090	763,385	338,268	31,735,375
Noncurrent assets:					
Restricted assets:					
Cash, cash equivalents and investments, at fair value	31,034	-	827,991	-	7,931,151
Accrued interest	88	-	2,353	-	22,541
Escrow deposit	-	-	-	-	265,201
Capital assets, net of accumulated depreciation	6,397,342	41,560	784,680	1,248,243	13,561,945
Total noncurrent assets	6,428,464	41,560	1,615,024	1,248,243	21,780,838
Total assets	12,583,657	1,004,650	2,378,409	1,586,511	53,516,213
DEFERRED OUTFLOWS OF RESOURCES:					
Deferred pension balances	1,085,996	695,377	467,065	239,723	3,394,247
Deferred other post employment benefits balances	271,686	203,009	189,264	75,422	1,024,452
Total deferred outflows of resources	1,357,682	898,386	656,329	315,145	4,418,699
LIABILITIES:					
Current liabilities:					
Accounts payable	735,892	263,035	365,233	314,787	5,245,361
Claims payable	-	-	-	-	3,465,392
Compensated absences payable	374,400	227,845	182,959	39,209	1,101,285
Deposits	-	577,350	-	-	577,350
Accrued interest	2,806	-	-	-	50,397
Interfund payables	-	-	-	-	12,443,348
Payable from restricted assets:					
Retainage payable	-	-	-	-	21,909
Certificate and general obligation bonds	323,560	-	54,163	-	689,470
Total current liabilities	1,436,658	1,068,230	602,355	353,996	23,594,512
Noncurrent liabilities:					
Payable from restricted assets:					
General obligation bonds payable	-	-	-	-	-
Certificates of obligation	329,347	-	1,196,624	-	8,408,665
Compensated absences payable	39,251	14,324	20,444	7,076	149,125
Claims payable	-	-	-	-	3,433,019
Net pension liability	1,112,242	842,854	1,068,072	560,523	4,755,456
Total other post-employment benefits liability	1,929,201	1,335,254	1,314,448	544,010	7,211,412
Total noncurrent liabilities:	3,410,041	2,192,432	3,599,588	1,111,609	23,957,677
Total liabilities	4,846,699	3,260,662	4,201,943	1,465,605	47,552,189
DEFERRED INFLOWS OF RESOURCES:					
Deferred inflows - leases	1,190,120	-	-	-	1,190,120
Deferred pension balances	1,586,903	1,153,201	654,345	369,528	5,082,374
Deferred other post employment benefits balances	153,376	130,877	122,424	46,279	623,227
Total deferred inflows of resources	2,930,399	1,284,078	776,769	415,807	6,895,721
NET POSITION:					
Net investment in capital assets	5,775,557	41,560	361,884	1,248,243	12,415,149
Unrestricted	388,684	(2,683,264)	(2,305,858)	(1,227,999)	(8,928,147)
Total net position	$ 6,164,241	$ (2,641,704)	$ (1,943,974)	$ 20,244	$ 3,487,002

(concluded)

CITY OF DENTON, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND NET POSITION
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2022

Exhibit XXVII

	Materials Management Fund	Fleet Services Fund	Health Insurance Fund	Risk Retention Fund
OPERATING REVENUES:				
Charges for goods and services	$ 16,866,978	$ 14,304,047	$ 30,282,778	$ 6,970,793
Miscellaneous	108,133	7,121	1,887,131	152,541
Total operating revenues	16,975,111	14,311,168	32,169,909	7,123,334
OPERATING EXPENSES:				
Operating expenses before depreciation	16,830,680	14,387,877	32,176,701	6,559,520
Depreciation	18,000	229,812	-	-
Total operating expenses	16,848,680	14,617,689	32,176,701	6,559,520
Operating income (loss)	126,431	(306,521)	(6,792)	563,814
NONOPERATING REVENUES (EXPENSES):				
Investment revenue (loss)	(533)	(7,032)	(7,461)	1,232
Interest expense and fiscal charges	(25,095)	(135,492)	-	-
Gain on disposal of capital assets	-	20,710	-	-
Other non-operating expenses	-	-	-	-
Total non-operating revenues (expenses)	(25,628)	(121,814)	(7,461)	1,232
Income (loss) before contributions and transfers	100,803	(428,335)	(14,253)	565,046
Transfers in	-	-	-	-
Transfers out	-	-	-	(1,102,172)
Total contributions and transfers	-	-	-	(1,102,172)
Change in net position	100,803	(428,335)	(14,253)	(537,126)
Net position at beginning of year	(575,863)	3,403,581	3,071,038	(3,131,650)
Total net position at end of year	$ (475,060)	$ 2,975,246	$ 3,056,785	$ (3,668,776)

(continued on the following page)

CITY OF DENTON, TEXAS **Exhibit XXVII**
COMBINING STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND NET POSITION (concluded)
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2022

	Technology Services Fund	Engineering Services Fund	Customer Service Fund	Facilities Fund	Total Internal Service Funds
OPERATING REVENUES:					
Charges for goods and services	$ 16,378,102	$ 7,424,476	$ 6,917,779	$ 5,231,358	$ 104,376,311
Miscellaneous	41,475	-	9,217	3,024	2,208,642
Total operating revenues	16,419,577	7,424,476	6,926,996	5,234,382	106,584,953
OPERATING EXPENSES:					
Operating expenses before depreciation	16,518,282	7,283,353	6,762,512	5,125,605	105,644,530
Depreciation	3,262,116	11,463	10,186	91,724	3,623,301
Total operating expenses	19,780,398	7,294,816	6,772,698	5,217,329	109,267,831
Operating income (loss)	(3,360,821)	129,660	154,298	17,053	(2,682,878)
NONOPERATING REVENUES (EXPENSES):					
Investment revenue (loss)	(10,337)	(163)	(6,917)	(116)	(31,327)
Interest expense and fiscal charges	(13,242)	-	(27,839)	-	(201,668)
Gain on disposal of capital assets	6,593	4,869	-	-	32,172
Other non-operating expenses	78,607	1,593	-	-	80,200
Total non-operating revenues (expenses)	61,621	6,299	(34,756)	(116)	(120,623)
Income (loss) before contributions and transfers	(3,299,200)	135,959	119,542	16,937	(2,803,501)
Transfers in	720,000	-	-	-	720,000
Transfers out	(288,000)	(365,080)	-	(74,300)	(1,829,552)
Total contributions and transfers	432,000	(365,080)	-	(74,300)	(1,109,552)
Change in net position	(2,867,200)	(229,121)	119,542	(57,363)	(3,913,053)
Net position at beginning of year	9,031,441	(2,412,583)	(2,063,516)	77,607	7,400,055
Total net position at end of year	$ 6,164,241	$ (2,641,704)	$ (1,943,974)	$ 20,244	$ 3,487,002

(concluded)

CITY OF DENTON, TEXAS
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2022

Exhibit XXVIII

	Materials Management Fund	Fleet Services Fund	Health Insurance Fund	Risk Retention Fund
CASH FLOWS FROM OPERATING ACTIVITIES:				
Cash received from customers	$ 16,975,111	$ 14,433,231	$ 32,169,909	$ 7,058,610
Cash paid to employees for services	(2,399,200)	(2,668,631)	-	(948,047)
Cash paid to suppliers	(15,307,198)	(10,896,833)	(32,242,838)	(5,287,626)
Net cash provided (used) by operations	(731,287)	867,767	(72,929)	822,937
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Transfers out	-	-	-	(1,102,172)
Transfers in	-	-	-	-
Net cash provided (used) by noncapital financing activities	-	-	-	(1,102,172)
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES:				
Principal payments on capital debt	(77,070)	(206,048)	-	-
Interest and fiscal charges	(24,930)	(78,641)	-	-
Proceeds from issuance of debt	-	4,353,075	-	-
Proceeds from capital contributions and transfers in	28,375	-	-	-
Acquisition and construction of capital assets	-	(417,123)	-	-
Net cash provided (used) by capital financing activities	(73,625)	3,651,263	-	-
CASH FLOWS FROM INVESTING ACTIVITIES:				
Proceeds from sale and maturities of investment securities	-	826,910	2,764,142	5,376
Purchase of investment securities	-	(4,373,282)	(3,250,202)	-
Interest received on investments	1,665	21,488	23,657	1,232
Net cash provided (used) by investing activities	1,665	(3,524,884)	(462,403)	6,608
Net increase (decrease) in cash and cash equivalents	(803,247)	994,146	(535,332)	(272,627)
Cash and cash equivalents at beginning of year	1,051,239	1,767,318	2,191,398	798,842
Cash and cash equivalents at end of year	247,992	2,761,464	1,656,066	526,215
Investments, at fair value	-	6,077,246	3,644,563	1,158,059
Cash, cash equivalents and investments, at fair value	$ 247,992	$ 8,838,710	$ 5,300,629	$ 1,684,274
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:				
Operating income (loss)	$ 126,431	$ (306,521)	$ (6,792)	$ 563,814
Adjustments:				
Depreciation expense	18,000	229,812	-	-
Decrease (Increase) in receivables	-	122,063	-	(64,724)
Decrease (Increase) in interfund receivables	-	-	-	-
Decrease (Increase) in inventories	(3,486,378)	(51,068)	-	-
Decrease (Increase) in customer deposits	-	-	-	-
Decrease (Increase) in prepaid items	(4,729)	-	-	-
Increase in escrow deposits items	-	-	(49,201)	-
Increase (Decrease) in accounts payable	274,124	1,008,924	(16,936)	385,149
Increase (Decrease) in compensated absences	14,232	(4,744)	-	(10,931)
Increase in interfund payables	2,443,348	-	-	-
Increase in net pension balances	(165,814)	(184,502)	-	(67,714)
Increase in other post-employment benefit balances	49,499	53,803	-	17,343
Increase (Decrease) in lease deferred inflows				
Total adjustments	(857,718)	1,174,288	(66,137)	259,123
Net cash provided (used) by operating activities	$ (731,287)	$ 867,767	$ (72,929)	$ 822,937
NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES:				
Increase (Decrease) in fair value of investments	-	(73,981)	(47,210)	(15,259)

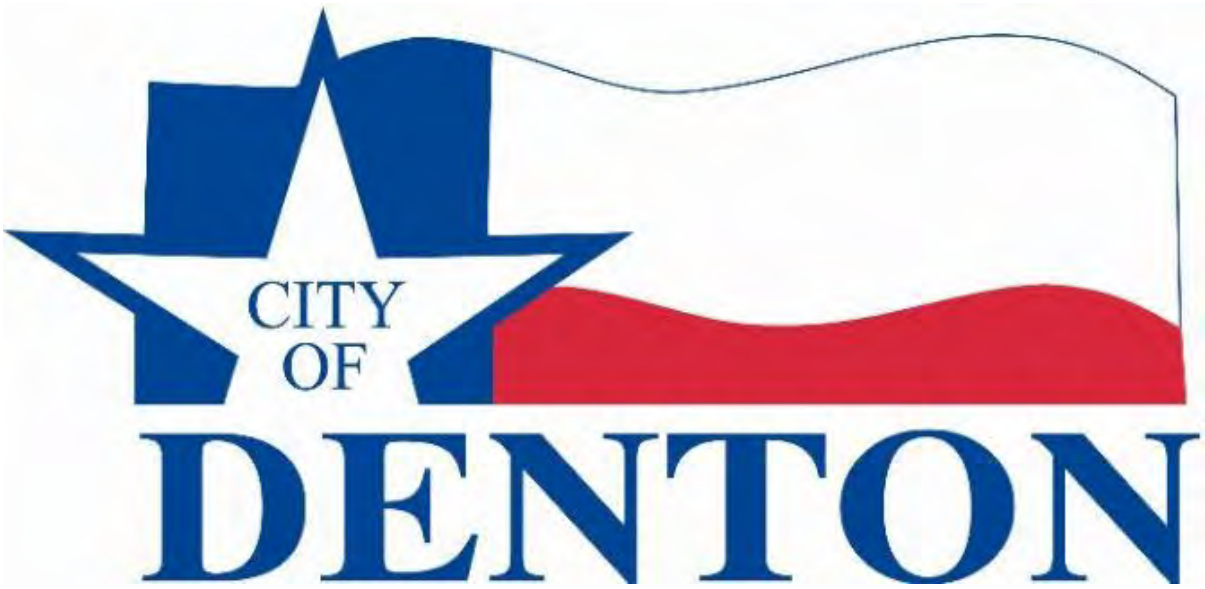
(continued on the following page)

CITY OF DENTON, TEXAS
COMBINING STATEMENT OF CASH FLOWS (concluded)
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2022

Exhibit XXVIII

	Technology Services Fund	Engineering Services Fund	Customer Service Fund	Facilities Fund	Total Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES:					
Cash received from customers	$ 16,433,977	$ 7,654,542	$ 6,934,687	$ 5,234,382	$ 106,894,449
Cash paid to employees for services	(6,975,147)	(3,799,112)	(3,252,445)	(1,550,696)	(21,593,278)
Cash paid to suppliers	(10,071,435)	(3,919,767)	(3,360,787)	(3,605,892)	(84,692,376)
Net cash provided (used) by operations	(612,605)	(64,337)	321,455	77,794	608,795
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:					
Transfers out	(288,000)	(365,080)	-	(74,300)	(1,829,552)
Transfers in	720,000	-	-	-	720,000
Net cash provided (used) by noncapital financing activities	432,000	(365,080)	-	(74,300)	(1,109,552)
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES:					
Principal payments on capital debt	(305,000)	-	(49,482)	-	(637,600)
Interest and fiscal charges	(27,025)	-	(35,278)	-	(165,874)
Proceeds from issuance of debt	-	-	-	-	4,353,075
Proceeds from capital contributions and transfers in	-	6,461	-	-	34,836
Acquisition and construction of capital assets	(1,586,997)	-	(682,216)	-	(2,686,336)
Net cash provided (used) by capital financing activities	(1,919,022)	6,461	(766,976)	-	898,101
CASH FLOWS FROM INVESTING ACTIVITIES:					
Proceeds from sale and maturities of investment securities	6,493,693	1,099,776	2,588,178	657,743	14,435,818
Purchase of investment securities	(5,772,342)	(916,435)	(2,495,433)	(699,731)	(17,507,425)
Interest received on investments	55,111	11,072	18,807	7,878	140,910
Net cash provided (used) by investing activities	776,462	194,413	111,552	(34,110)	(2,930,697)
Net increase (decrease) in cash and cash equivalents	(1,323,165)	(228,543)	(333,969)	(30,616)	(2,533,353)
Cash and cash equivalents at beginning of year	2,859,326	415,371	833,995	136,001	10,053,490
Cash and cash equivalents at end of year	1,536,161	186,828	500,026	105,385	7,520,137
Investments, at fair value	3,380,682	411,161	1,089,201	231,924	15,992,836
Cash, cash equivalents and investments, at fair value	$ 4,916,843	$ 597,989	$ 1,589,227	$ 337,309	$ 23,512,973
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:					
Operating income (loss)	$ (3,360,821)	$ 129,660	$ 154,298	$ 17,053	$ (2,682,878)
Adjustments:					
Depreciation expense	3,262,116	11,463	10,186	91,724	3,623,301
Decrease (Increase) in receivables	(1,238,107)	30,791	7,691	-	(1,142,286)
Decrease (Increase) in interfund receivables	-	-	-	-	-
Decrease (Increase) in inventories	-	-	-	-	(3,537,446)
Decrease (Increase) in customer deposits	-	199,275	-	-	199,275
Decrease (Increase) in prepaid items	30,663	-	-	-	25,934
Increase in escrow deposits items	-	-	-	-	(49,201)
Increase (Decrease) in accounts payable	(152,141)	(175,313)	224,605	74,443	1,622,855
Increase (Decrease) in compensated absences	(19,796)	(38,618)	53,911	(26,778)	(32,724)
Increase in interfund payables	-	-	-	-	2,443,348
Increase in net pension balances	(497,699)	(253,487)	(216,746)	(108,741)	(1,494,703)
Increase in other post-employment benefit balances	110,673	31,892	87,510	30,093	380,813
Increase (Decrease) in lease deferred inflows	1,252,507				
Total adjustments	2,748,216	(193,997)	167,157	60,741	2,039,166
Net cash provided (used) by operating activities	$ (612,605)	$ (64,337)	$ 321,455	$ 77,794	$ (643,712)
NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES:					
Increase (Decrease) in fair value of investments	(45,869)	(5,749)	(14,547)	(2,996)	(205,611)

(concluded)


CITY
OF
DENTON

ToC

STATISTICAL SECTION

This part of the City of Denton's annual comprehensive financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the city's overall financial health.

Contents

Financial Trends

These schedules contain trend information to help the reader understand how the city's financial performance and well-being have changed over time. (Tables 1 – 4)

Revenue Capacity

These schedules contain information to help the reader assess the city's most significant local revenue source, the property tax. These tables do not include the Electric fund information due to confidentiality of information necessary for competitive rates. (Tables 5 – 8)

Debt Capacity

These schedules present information to help the reader assess the affordability of the city's current level of outstanding debt and the city's ability to issue additional debt in the future. (Tables 9 – 12)

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the city's financial activities take place. (Tables 13 – 14)

Operating Information

These schedules contain service and infrastructure data to help the reader understand how the information in the city's financial report relates to the services the city provides and the activities it performs. (Tables 15 – 17)

Sources: Unless otherwise noted, the information in these schedules is derived from the annual comprehensive financial reports for the relevant year.

CITY OF DENTON, TEXAS **Table 1**
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
(accrual basis of accounting)

	2013	2014	2015	2016	2017
Governmental activities					
Net investment in capital assets	$ 116,146,838	$ 128,915,116	$ 141,914,877	$ 145,309,987	$ 165,408,284
Restricted	4,116,256	12,233,226	13,215,421	13,736,624	14,530,908
Unrestricted	35,136,072	28,096,148	(8,775,520)	(3,620,580)	(6,509,698)
Total governmental activities net position	155,399,166	169,244,490	146,354,778	155,426,031	173,429,494
Business-type activities					
Net investment in capital assets	347,780,207	383,678,313	421,894,337	460,330,063	502,801,204
Restricted	28,654,879	28,056,605	25,356,458	8,892,547	11,516,207
Unrestricted	158,145,443	139,515,508	122,542,446	151,234,604	145,191,889
Total business-type activities net position	534,580,529	551,250,426	569,793,241	620,457,214	659,509,300
Primary government					
Net investment in capital assets	463,927,045	512,593,429	563,809,214	605,640,050	668,209,488
Restricted	32,771,135	40,289,831	38,571,879	22,629,171	26,047,115
Unrestricted	193,281,515	167,611,656	113,766,926	147,614,024	138,682,191
Total primary government net position	$ 689,979,695	$ 720,494,916	$ 716,148,019	$ 775,883,245	$ 832,938,794

(continued on the following page)

Source: Annual Comprehensive Financial Reports

CITY OF DENTON, TEXAS **Table 1**
NET POSITION BY COMPONENT (concluded)
LAST TEN FISCAL YEARS
(accrual basis of accounting)

	2018	2019	2020	2021	2022
Governmental activities					
Net investment in capital assets	$ 194,210,730	$ 242,957,674	$ 288,548,831	$ 324,398,859	$ 368,485,279
Restricted	21,654,948	30,348,748	29,974,236	31,847,883	35,792,764
Unrestricted	(19,332,607)	(39,525,390)	(36,726,698)	(27,553,444)	2,815,218
Total governmental activities net position	196,533,071	233,781,032	281,796,369	328,693,298	407,093,261
Business-type activities					
Net investment in capital assets	540,697,505	589,492,414	661,996,500	716,242,869	773,134,073
Restricted	20,209,408	32,678,917	38,024,525	47,267,201	73,714,031
Unrestricted	177,836,401	173,355,308	162,312,209	183,575,000	219,065,186
Total business-type activities net position	738,743,314	795,526,639	862,333,234	947,085,070	1,065,913,290
Primary government					
Net investment in capital assets	734,908,235	832,450,088	950,545,331	1,040,641,728	1,141,619,352
Restricted	41,864,356	63,027,665	67,998,761	79,115,084	109,506,795
Unrestricted	158,503,794	133,829,918	125,585,511	156,021,556	221,880,404
Total primary government net position	$ 935,276,385	$ 1,029,307,671	$ 1,144,129,603	$ 1,275,778,368	$ 1,473,006,551

(concluded)

Source: Annual Comprehensive Financial Reports

CITY OF DENTON, TEXAS
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(accrual basis of accounting)

Table 2

	2013	2014	2015	2016	2017
EXPENSES					
Governmental activities:					
General government	$27,686,735	$30,476,840	$31,260,126	$33,847,052	$40,761,972
Public safety	52,906,985	56,893,859	58,132,146	63,118,516	68,546,557
Public works	18,663,884	16,950,280	20,331,934	24,557,482	24,994,628
Parks and recreation	13,714,245	14,543,461	14,982,742	16,043,697	16,792,417
Interest expense	4,464,309	4,339,154	4,384,973	4,664,608	4,970,968
Total governmental activities expenses	117,436,158	123,203,594	129,091,921	142,231,355	156,066,542
Business-type activities:					
Electric system	146,246,880	157,906,294	158,106,661	145,963,753	174,900,860
Water system	26,814,020	24,023,392	25,870,489	26,000,734	28,202,500
Wastewater system	21,467,088	22,176,191	24,307,305	23,921,154	26,730,157
Solid waste	21,730,796	23,844,055	26,766,890	29,435,101	34,532,856
Airport	1,608,989	2,435,446	2,100,281	2,536,460	1,930,767
Total business-type activities expenses	217,867,773	230,385,378	237,151,626	227,857,202	266,297,140
Total primary government expenses	335,303,931	353,588,972	366,243,547	370,088,557	422,363,682
PROGRAM REVENUES					
Governmental activities:					
Charges for services:					
General government	4,105,648	4,645,655	5,364,405	6,015,305	5,266,777
Public safety	7,767,083	7,064,927	7,276,024	9,827,784	8,773,221
Public works	1,159,605	885,010	707,604	729,528	879,453
Parks and recreation	4,059,383	5,833,238	4,926,465	5,268,637	4,414,379
Operating grants and contributions	3,118,105	4,788,149	3,380,119	2,855,501	4,667,791
Capital grants and contributions	14,671,571	11,127,695	10,443,220	5,885,033	17,180,091
Total governmental activities program revenues	34,881,395	34,344,674	32,097,837	30,581,788	41,181,712
Business-type activities:					
Charges for services:					
Electric system	136,655,892	150,362,507	167,696,288	166,290,498	172,027,080
Water system	37,586,306	34,865,803	37,572,331	38,181,034	41,332,006
Wastewater system	26,588,179	28,629,754	30,790,885	31,900,885	33,360,603
Solid waste	24,468,976	25,980,914	29,091,216	31,236,506	33,847,593
Airport	1,880,812	1,925,825	1,277,402	1,183,661	1,495,619
Capital grants and contributions	9,877,185	5,656,622	8,593,699	7,705,101	20,347,889
Total business-type activities program revenues	237,057,350	247,421,425	275,021,821	276,497,685	302,410,790
Total primary government program revenues	271,938,745	281,766,099	307,119,658	307,079,473	343,592,502
NET (EXPENSE)/REVENUE					
Governmental activities	(82,554,763)	(88,858,920)	(96,994,084)	(111,649,567)	(114,884,830)
Business-type activities	19,189,577	17,036,047	37,870,195	48,640,483	36,113,650
Total primary government program net expense	$ (63,365,186)	$ (71,822,873)	$ (59,123,889)	$ (63,009,084)	$ (78,771,180)

CITY OF DENTON, TEXAS
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(accrual basis of accounting)

Table 2

	2018	2019	2020	2021	2022
EXPENSES					
Governmental activities:					
General government	$37,968,945	$39,051,942	$37,921,928	$37,401,990	$40,369,454
Public safety	71,945,219	77,883,435	82,119,480	82,678,373	87,970,791
Public works	25,683,779	24,502,864	26,049,847	24,800,411	25,489,369
Parks and recreation	17,422,273	17,710,634	15,759,371	19,295,206	22,787,282
Interest expense	5,379,149	6,750,917	6,757,736	7,380,293	8,571,877
Total governmental activities expenses	158,399,365	165,899,792	168,608,362	$171,556,273	$185,188,773
Business-type activities:					
Electric system	168,110,899	236,131,640	195,306,979	307,772,345	270,421,754
Water system	27,481,058	29,689,758	32,013,603	28,428,703	35,891,682
Wastewater system	26,284,049	28,317,484	31,018,019	32,247,857	36,814,363
Solid waste	29,028,299	30,541,859	32,370,675	32,734,938	34,117,196
Airport	1,802,703	2,017,380	1,706,646	1,674,412	2,437,563
Total business-type activities expenses	252,707,008	326,698,121	292,415,922	402,858,255	379,682,558
Total primary government expenses	411,106,373	492,597,913	461,024,284	574,414,528	564,871,331
PROGRAM REVENUES					
Governmental activities:					
Charges for services:					
General government	6,489,438	6,460,483	8,007,187	8,038,235	12,705,349
Public safety	8,221,314	7,233,973	5,234,958	5,788,122	5,640,947
Public works	649,293	712,953	1,177,961	775,279	804,751
Parks and recreation	4,852,322	5,868,619	3,022,162	4,150,336	6,052,680
Operating grants and contributions	3,697,696	4,092,532	8,991,320	8,607,304	9,545,392
Capital grants and contributions	33,991,306	28,085,591	34,911,879	23,945,640	34,406,757
Total governmental activities program revenues	57,901,369	52,454,151	61,345,467	51,304,916	69,155,876
Business-type activities:					
Charges for services:					
Electric system	198,748,366	242,437,211	217,111,983	342,640,914	293,811,955
Water system	48,912,059	45,886,900	47,125,123	50,670,242	65,873,478
Wastewater system	35,594,624	35,042,110	36,146,835	38,393,521	46,616,569
Solid waste	33,590,463	34,670,519	36,142,207	37,635,030	40,574,676
Airport	1,625,672	1,397,581	1,286,479	1,586,333	2,239,264
Capital grants and contributions	20,519,510	16,039,076	16,374,066	18,282,891	52,663,359
Total business-type activities program revenues	338,990,694	375,473,397	354,186,693	489,208,931	501,779,301
Total primary government program revenues	396,892,063	427,927,548	415,532,160	540,513,847	570,935,177
NET (EXPENSE)/REVENUE					
Governmental activities	(100,497,996)	(113,445,641)	(107,262,895)	(120,251,357)	(116,032,897)
Business-type activities	86,283,686	48,775,276	61,770,771	86,350,676	122,096,743
Total primary government program net expense	$ (14,214,310)	$ (64,670,365)	$ (45,492,124)	$ (33,900,681)	$ 6,063,846

(continued on the following page) ıe following page)

CITY OF DENTON, TEXAS
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(accrual basis of accounting)

Table 2

	2013	2014	2015	2016	2017
GENERAL REVENUES AND OTHER CHANGES IN NET POSITION					
Governmental activities:					
Taxes:					
Property tax	$47,275,552	$48,833,077	$54,174,965	$58,788,255	$64,348,754
Sales tax[1]	26,522,473	27,764,114	30,601,965	32,624,297	36,841,137
Franchise tax	19,901,459	21,001,427	21,996,031	22,659,014	24,211,081
Hotel occupancy tax	1,910,125	1,982,643	2,156,294	2,243,264	2,374,221
Beverage tax	392,192	419,498	573,758	597,284	617,662
Bingo tax	20,774	20,684	20,380	18,910	13,633
Investment income	354,089	563,236	759,334	1,019,594	1,330,008
Gain on sale of capital assets	-	-	707,966	498,265	192,583
Miscellaneous	1,428,907	1,980,545	1,220,060	1,087,504	2,042,274
Transfers	(101,707)	876,525	1,140,938	1,184,433	916,940
Total governmental activities	97,703,864	103,441,749	113,351,691	120,720,820	132,888,293
Business-type activities:					
Investment income	1,085,856	1,355,730	1,692,971	2,010,008	3,471,635
Gain on sale of capital assets	-	-	42,455	1,197,915	383,741
Miscellaneous	511,291	521,013	-	-	-
Transfers	101,707	(876,525)	(1,140,938)	(1,184,433)	(916,940)
Total business-type activities	1,698,854	1,000,218	594,488	2,023,490	2,938,436
Total primary government	99,402,718	104,441,967	113,946,179	122,744,310	135,826,729
CHANGE IN NET POSITION					
Governmental activities	15,149,101	14,582,829	16,357,607	9,071,253	18,003,463
Business-type activities	20,888,431	18,036,265	38,464,683	50,663,973	39,052,086
Total primary government	$ 36,037,532	$ 32,619,094	$ 54,822,290	$ 59,735,226	$ 57,055,549

(continued on the following page)

Source: Annual Comprehensive Financial Reports

CITY OF DENTON, TEXAS **Table 2**
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(accrual basis of accounting)

	2018	2019	2020	2021	2022
GENERAL REVENUES AND OTHER CHANGES IN NET POSITION (concluded)					
Governmental activities:					
Taxes:					
Property tax	$67,185,610	$71,351,314	$75,431,860	$78,243,553	$79,552,638
Sales tax[1]	38,270,026	38,330,825	39,337,834	45,404,857	53,264,724
Franchise tax	26,007,002	26,160,639	29,503,569	32,047,074	38,132,032
Hotel occupancy tax	2,733,720	3,039,747	2,142,483	3,074,942	3,684,534
Beverage tax	632,217	661,823	440,766	511,326	671,493
Bingo tax	11,244	11,445	13,527	14,681	15,119
Investment income	1,937,579	6,093,100	2,999,094	326,158	(973,108)
Gain on sale of capital assets	188,958	95,760	103,796	(16,435)	564,787
Miscellaneous	4,700,466	3,930,285	4,008,679	5,566,698	7,534,118
Transfers	(1,104,290)	1,018,664	1,296,624	1,975,432	2,913,731
Total governmental activities	140,562,532	150,693,602	155,278,232	$167,148,286	$185,360,068
Business-type activities:					
Investment income	4,083,560	9,026,713	6,099,964	264,722	(646,799)
Gain on sale of capital assets	240,740	-	232,484	111,870	292,007
Miscellaneous	-	-	-		
Transfers	1,104,290	(1,018,664)	(1,296,624)	(1,975,432)	(2,913,731)
Total business-type activities	5,428,590	8,008,049	5,035,824	(1,598,840)	(3,268,523)
Total primary government	145,991,122	158,701,651	160,314,056	165,549,446	182,091,545
CHANGE IN NET POSITION					
Governmental activities	40,064,536	37,247,961	48,015,337	46,896,929	69,327,171
Business-type activities	91,712,276	56,783,325	66,806,595	84,751,836	118,828,220
Total primary government	$ 131,776,812	$ 94,031,286	$ 114,821,932	$ 131,648,765	$ 188,155,391

(concluded)

Source: Annual Comprehensive Financial Reports

CITY OF DENTON, TEXAS **Table 3**
FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(modified accrual basis of accounting)

	2013	2014	2015	2016	2017
General fund					
Nonspendable	$ -	$ -	$ -	$ -	$ -
Assigned to use of reserves	1,377,039	661,545	-	99,365	-
Unassigned	24,378,139	25,176,737	27,365,168	28,070,483	31,770,773
Total general fund	25,755,178	25,838,282	27,365,168	28,169,848	31,770,773
All other governmental funds					
Restricted for:					
Debt Service	4,572,807	4,726,841	4,791,880	4,893,032	5,409,144
Parks and recreation	9,220,953	11,584,890	14,288,659	13,553,834	10,599,568
Streets and drainage projects	23,759,574	25,790,648	42,537,941	46,511,509	51,149,305
Other capital projects	12,231,061	11,925,978	10,603,695	13,512,733	18,544,086
Other grants and purposes	2,223,626	2,465,093	3,218,466	3,319,230	4,104,036
Committed to:					
Streets	1,330,184	916,613	1,388,223	1,798,624	1,158,667
Parks and recreation	590,062	573,429	513,484	498,150	439,825
Other purposes	1,801,661	3,560,159	4,430,392	5,500,983	6,889,093
Assigned to:					
Streets and drainage projects	144,485	423,152	2,214,613	3,430,681	7,897,077
Other capital projects	2,599,101	2,868,390	1,666,029	3,728,955	6,945,492
Other purposes	56,900	34,847	49,630	74,558	59
Unassigned	(8,901)	(144,084)	(73,857)	(242,338)	(2,942,377)
Total all other governmental funds	$ 58,521,513	$ 64,725,956	$ 85,629,155	$ 96,579,951	$ 110,193,975

(continued on the following page)

Source: Annual Comprehensive Financial Reports

CITY OF DENTON, TEXAS **Table 3**
FUND BALANCES OF GOVERNMENTAL FUNDS (concluded)
LAST TEN FISCAL YEARS
(modified accrual basis of accounting)

	2018	2019	2020	2021	2022
General fund					
Nonspendable	$ -	$ -	$ 5,184	$ -	$ -
Assigned to use of reserves	1,398,704	160,606	-	-	-
Unreserved, undesignated, unassigned	28,918,681	30,578,238	33,777,027	38,499,992	45,459,406
Total general fund	30,317,385	30,738,844	33,782,211	38,499,992	45,459,406
All other governmental funds					
Restricted for:					
Debt Service	5,529,483	5,453,180	5,325,062	4,680,742	2,411,532
Parks and recreation	9,153,654	12,723,077	17,586,279	15,765,777	12,511,791
Streets and drainage projects	82,702,916	75,897,954	75,037,095	58,709,209	59,426,096
Other capital projects	21,984,608	20,271,843	30,142,806	69,314,699	70,482,880
Other grants and purposes	7,158,843	7,171,142	5,704,555	4,771,982	4,974,681
Committed to:					
Streets	4,495,971	5,965,815	9,340,552	12,817,321	11,104,916
Parks and recreation	520,852	549,415	555,629	418,155	53,516
Other purposes	3,150,491	3,779,944	3,361,851	4,902,548	6,605,432
Assigned to:					
Streets and drainage projects	10,591,478	10,867,803	4,231,795	8,402,327	16,492,913
Other capital projects	7,440,133	8,907,816	7,459,112	10,610,950	9,044,538
Other purposes	59	61	181	271	610
Unassigned	(943,930)	(782,684)	(987,611)	(809,536)	(507,144)
Total all other governmental funds	$ 151,784,558	$ 150,805,366	$ 157,757,306	$ 189,584,445	$ 192,601,761

(concluded)

Source: Annual Comprehensive Financial Reports

CITY OF DENTON, TEXAS **Table 4**
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(modified accrual basis of accounting)

	2013	2014	2015	2016	2017
REVENUES:					
Taxes:					
Property tax	$ 47,330,522	$ 48,872,016	$ 54,230,541	$ 58,802,856	$ 64,317,641
Sales tax	26,522,473	27,764,114	30,601,965	32,624,297	36,841,137
Hotel occupancy tax	1,910,125	1,982,643	2,156,294	2,243,264	2,374,221
Beverage tax	392,192	419,498	573,758	597,284	617,662
Bingo tax	20,774	20,684	20,380	18,910	13,633
Licenses and permits	1,446,580	1,978,421	2,782,395	3,106,162	3,016,697
Franchise fees	19,901,459	21,001,427	21,996,031	22,659,014	24,211,081
Fines and forfeitures	5,342,966	6,261,579	6,505,175	6,433,158	6,039,401
Fees for services	8,683,278	10,187,195	9,391,260	10,927,305	10,395,166
Investment revenue	354,089	563,236	759,334	1,019,594	1,330,008
Intergovernmental	9,914,834	10,986,128	10,236,689	5,217,302	9,647,977
Miscellaneous	1,322,762	2,648,160	1,387,127	1,347,258	2,382,708
Total revenues	123,142,054	132,685,101	140,640,949	144,996,404	161,187,332
EXPENDITURES:					
General government	25,047,062	28,188,722	29,277,275	31,024,356	31,330,757
Public safety	51,303,825	53,380,064	55,978,174	59,067,019	61,156,694
Public works	9,425,446	9,979,997	12,439,131	11,604,966	15,871,804
Parks and recreation	12,274,908	12,808,701	13,277,516	13,987,694	14,140,518
Capital outlay	20,038,064	20,660,461	23,712,400	25,966,695	38,191,803
Debt service:					
Principal retirement	10,017,719	10,703,071	11,918,983	13,390,576	14,351,487
Advance refunding escrow	110,145	-	120,519	147,687	103,950
Bond issuance costs	181,308	86,800	181,409	154,948	171,252
Interest and other charges	4,552,348	4,741,257	4,647,528	5,246,925	5,819,949
Total expenditures	132,950,825	140,549,073	151,552,935	160,590,866	181,138,214
Excess (deficiency) of revenues over (under) expenditures	(9,808,771)	(7,863,972)	(10,911,986)	(15,594,462)	(19,950,882)
OTHER FINANCING SOURCES (USES):					
Refunding bonds issued	6,182,405	3,130,000	14,290,000	12,045,000	10,850,000
Payment to refunded bond escrow agent	(6,547,180)	(3,194,293)	(15,604,758)	(14,075,445)	(11,358,665)
Issuance of long-term debt	14,765,000	12,635,000	29,240,000	22,780,000	33,405,000
Premium on debt issuance	1,232,674	635,037	3,214,914	4,317,817	3,077,360
Insurance recoveries	-	-	-	30,624	86,992
Proceeds of capital lease	-	-	-	150,155	-
Sale of capital assets	148,417	85,059	715,685	530,054	236,068
Transfers in	2,980,448	3,596,433	4,557,824	8,164,575	10,856,904
Transfers (out)	(3,063,936)	(2,735,717)	(3,071,594)	(6,592,842)	(9,987,828)
Total other financing sources (uses)	15,697,828	14,151,519	33,342,071	27,349,938	37,165,831
NET CHANGE IN FUND BALANCES	$ 5,889,057	$ 6,287,547	$ 22,430,085	$ 11,755,476	$ 17,214,949
Debt service as a percentage of noncapital expenditures	12.9%	12.9%	13.0%	13.8%	14.1%

Source: Annual Comprehensive Financial Reports

(continued on the following page)

CITY OF DENTON, TEXAS
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS (concluded)
LAST TEN FISCAL YEARS
(modified accrual basis of accounting)

Table 4

	2018	2019	2020	2021	2022
REVENUES:					
Taxes:					
Property tax	$ 67,055,807	$ 71,393,395	$ 75,413,501	$ 78,109,665	$ 79,826,316
Sales tax[1]	38,270,026	38,330,825	39,337,834	45,404,857	53,264,724
Hotel occupancy tax	2,733,720	3,039,748	2,142,483	3,074,942	3,684,534
Beverage tax	632,217	661,823	440,766	511,326	671,493
Bingo tax	11,244	11,445	13,527	14,681	15,119
Licenses and permits	3,739,691	3,889,820	5,225,128	5,939,320	9,058,717
Franchise fees	26,007,002	26,160,639	29,503,569	32,047,074	38,132,032
Fines and forfeitures	5,539,793	5,147,203	2,621,002	1,590,416	2,158,848
Fees for services	10,536,817	11,583,743	10,328,261	12,072,118	13,911,934
Investment revenue	1,937,579	6,093,100	2,999,094	326,158	(973,108)
Intergovernmental	30,518,141	22,477,192	31,907,490	23,014,733	21,757,882
Miscellaneous	5,053,082	5,043,652	4,049,419	5,756,438	7,797,900
Total revenues	192,035,119	193,832,585	203,982,074	207,861,728	229,306,391
EXPENDITURES:					
General government	32,800,175	35,528,063	33,242,486	34,002,983	36,260,036
Public safety	66,355,282	71,257,658	77,408,797	81,849,916	88,147,676
Public works	14,710,211	14,579,218	14,018,054	13,657,700	13,524,895
Parks and recreation	14,671,894	15,221,092	13,118,332	16,756,062	20,035,827
Capital outlay	54,829,949	64,835,885	86,392,357	80,873,532	110,971,677
Debt service:					
Principal retirement	15,429,697	16,904,637	17,929,324	19,768,191	21,768,842
Advance refunding escrow	-	-	-	-	55,186
Bond issuance costs	284,181	142,226	180,870	277,307	638,700
Interest and other charges	6,561,442	8,146,969	8,368,163	8,973,021	10,748,455
Total expenditures	205,642,831	226,615,748	250,658,383	256,158,712	302,151,294
Excess (deficiency) of revenues over (under) expenditures	(13,607,712)	(32,783,163)	(46,676,309)	(48,296,984)	(72,844,903)
OTHER FINANCING SOURCES (USES):					
Refunding bonds issued	-	-	2,490,000	1,415,000	2,145,000
Payment to refunded bond escrow agent	-	-	(2,973,354)	(1,691,409)	(2,203,141)
Issuance of long-term debt	56,960,000	25,870,000	49,205,000	75,600,000	63,960,000
Premium on debt issuance	3,206,728	2,006,343	6,250,067	7,098,821	5,255,571
Insurance recoveries	18,135	88,954	-		-
Proceeds of capital lease	-	-	-		-
Sale of capital assets	226,025	17,033	148,586	326,682	568,128
Transfers in	15,083,695	14,477,744	13,868,308	16,349,953	21,970,594
Transfers (out)	(21,749,676)	(10,234,644)	(12,316,991)	(14,257,143)	(17,947,311)
Total other financing sources (uses)	53,744,907	32,225,430	56,671,616	84,841,904	73,748,841
NET CHANGE IN FUND BALANCES	$ 40,137,195	$ (557,733)	$ 9,995,307	$ 36,544,920	$ 903,938
Debt service as a percentage of noncapital expenditures	14.6%	15.5%	16.0%	16.4%	17.0%

Source: Annual Comprehensive Financial Reports

(concluded)

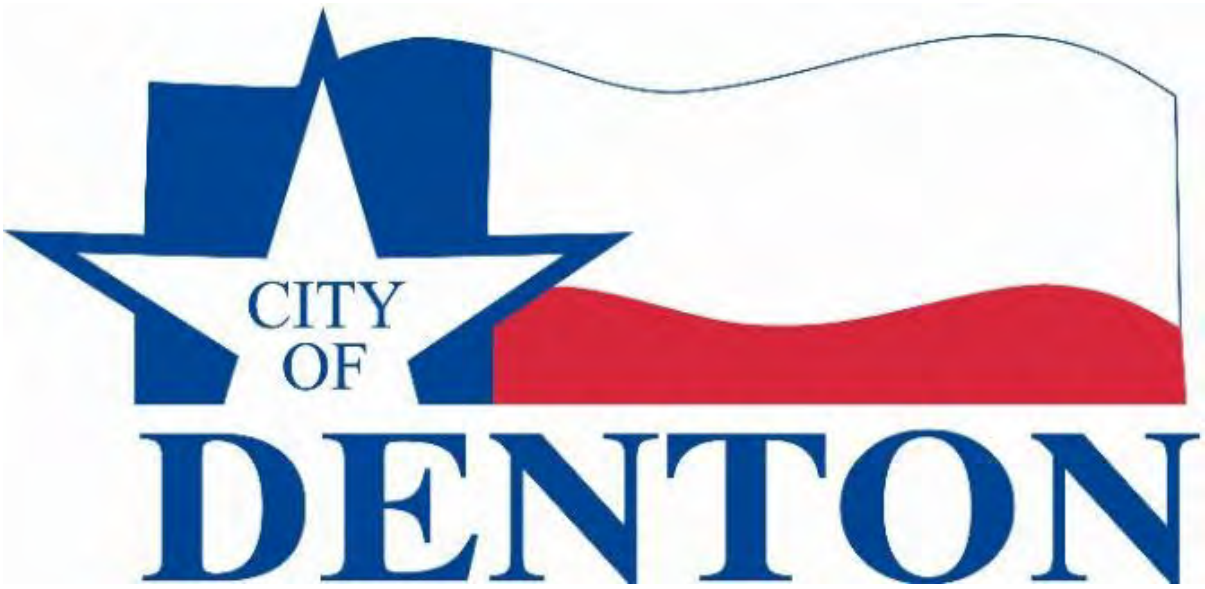
CITY OF DENTON, TEXAS **Table 5**
ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS

Fiscal Year	Estimated Market Value: Real Property	Estimated Market Value: Personal Property	Less: Tax-Exempt Property	Less: Frozen Value[1]	Total Taxable Assessed Value[2]	Total Direct Tax Rate
2013	7,083,330,127	1,125,646,116	1,492,264,875	-	6,716,711,368	0.68975
2014	7,427,124,969	1,161,189,421	1,609,090,116	-	6,979,224,274	0.68975
2015	8,285,049,321	1,329,999,883	1,817,871,596	-	7,797,177,608	0.68975
2016	8,989,650,946	1,332,290,743	1,858,794,929	-	8,463,146,760	0.68975
2017	9,784,179,133	1,429,040,012	2,040,968,652	-	9,172,250,493	0.68334
2018	11,218,394,767	1,497,275,644	2,298,809,194	-	10,416,861,217	0.63786
2019	12,399,345,379	1,376,428,125	2,348,204,604	112,974,494	11,314,594,406	0.62048
2020	13,680,931,478	1,807,156,540	2,698,699,972	177,067,782	12,612,320,264	0.59045
2021	14,719,186,349	1,653,546,317	2,805,813,775	162,157,709	13,404,761,182	0.59045
2022	15,921,269,742	1,713,104,985	2,994,660,048	263,774,952	14,375,939,727	0.56582

Source: Denton Central Appraisal District

[1]**Fiscal year 2019 marks the first year of the Over 65/Disabled tax limitation (freeze).**

[2]**Total Taxable Assessed Value from 2013-2022 include the Downtown and West Park TIRZ's.**


CITY
OF
DENTON

CITY OF DENTON, TEXAS **Table 6**
PROPERTY TAX RATES (PER $100 OF ASSESSED VALUE)
DIRECT AND OVERLAPPING[1] GOVERNMENTS
LAST TEN FISCAL YEARS

	City of Denton			Overlapping Rates		
					School Districts	
Fiscal Year	Operating Rate	Debt Service Rate	Total Direct Rate	Denton County	Denton Independent School District	Argyle Independent School District
2013	0.47088	0.21887	0.68975	0.282867	1.53000	1.480050
2014	0.47480	0.21495	0.68975	0.284914	1.53000	1.475000
2015	0.48119	0.20856	0.68975	0.272200	1.54000	1.570050
2016	0.47456	0.21519	0.68975	0.262000	1.54000	1.570050
2017	0.46674	0.21660	0.68334	0.248409	1.54000	1.570050
2018	0.43031	0.20755	0.63786	0.237812	1.54000	1.585050
2019	0.40543	0.21505	0.62048	0.225574	1.54000	1.585050
2020	0.38536	0.20509	0.59045	0.225278	1.47000	1.508000
2021	0.38036	0.21009	0.59045	0.224985	1.40760	1.418700
2022	0.35044	0.21537	0.56581	0.217543	1.34460	1.397600

(continued on the following page)

Source: Denton County Tax Office
Denton County Central Appraisal District

[1]**Overlapping rates are those of the school district and county government that apply to property owners within the City of Denton.**

CITY OF DENTON, TEXAS **Table 6**
PROPERTY TAX RATES (PER $100 OF ASSESSED VALUE) (concluded)
DIRECT AND OVERLAPPING[1] GOVERNMENTS
LAST TEN FISCAL YEARS

	Overlapping Rates					
	School Districts					
Fiscal Year	Aubrey Independent School District	Krum Independent School District	Pilot Point Independent School District	Ponder Independent School District	Sanger Independent School District	Total Direct & Overlapping Rates (Range)
2013	1.540000	1.520000	1.370000	1.353292	1.372067	2.325909 - 2.512617
2014	1.510000	1.540000	1.370000	1.385000	1.372070	2.344664 - 2.514664
2015	1.510000	1.540000	1.370000	1.380800	1.372067	2.331950 - 2.532000
2016	1.510000	1.540000	1.370000	1.387500	1.372067	2.321750 - 2.521800
2017	1.510000	1.540000	1.370000	1.467840	1.372067	2.301749 - 2.501799
2018	1.510000	1.540000	1.370000	1.467790	1.372067	2.245668 - 2.460718
2019	1.590000	1.540000	1.370000	1.467790	1.372067	2.216051 - 2.436051
2020	1.568350	1.391830	1.268350	1.467780	1.308350	2.084082 - 2.384082
2021	1.508700	1.345082	1.218600	1.464180	1.197643	2.013078 - 2.324135
2022	1.442900	1.417500	1.211660	1.347700	1.410600	1.995013 - 2.226253

(concluded)

Source: Denton County Tax Office
Denton County Central Appraisal District

[1]**Overlapping rates are those of the school district and county government that apply to property owners within the City of Denton.**

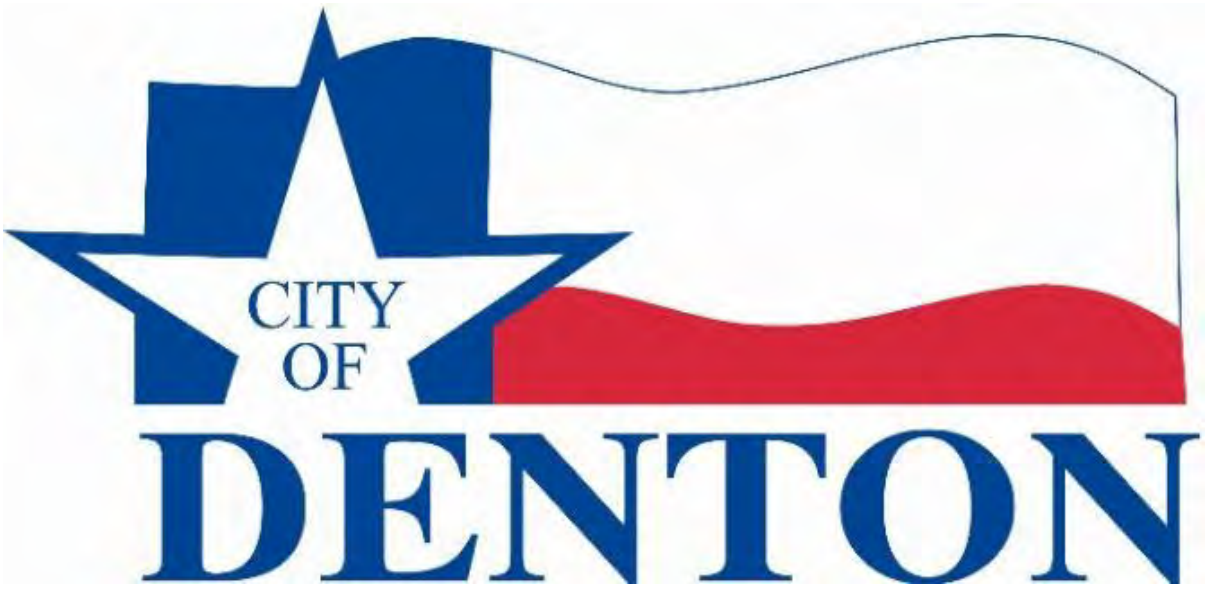
CITY OF DENTON, TEXAS **Table 7**
PRINCIPAL PROPERTY TAXPAYERS
CURRENT YEAR AND NINE YEARS AGO

2022			2013		
Name of Taxpayer	Taxable Assessed Value	Percentage of Total Taxable Assessed Value[1]	Name of Taxpayer	Taxable Assessed Value	Percentage of Total Taxable Assessed Value[2]
PACCAR Inc. (Peterbilt)	$135,695,226	0.94%	PACCAR Inc (Peterbilt)	$86,165,759	1.28%
Columbia Medical Center of Denton (Medical City Denton)	81,655,006	0.57%	Columbia Medical Center of Denton (Denton Regional Hospital)	78,858,310	1.17%
Inland Western Denton Crossings LTD PS	63,966,110	0.44%	Inland Western Crossing (Denton Crossing)	48,545,001	0.72%
Rayzor Ranch Marketplace Associates	62,713,337	0.44%	Cypress Denton Station LTD (Forum at Denton Station Apartments)	41,777,266	0.62%
Winco Foods LLD	61,710,000	0.43%	Flowers Baking Company of Denton LLC	33,140,418	0.49%
Village at Rayzor Ranch LLC	56,500,000	0.39%	Verizon Southwest (Telephone Company)	28,442,640	0.42%
Target Corporation	56,000,000	0.39%	HRA University Courtyard LLC (University Courtyard Apartments)	28,000,000	0.42%
Trdwind Timberlinks Borrower LLC	55,521,317	0.39%	Enervest Operating LLC (Energy Company)	27,968,770	0.42%
NREA Gardens, DST	54,446,120	0.38%	DP Funding Corp (The Retreat at Denton apartments)	26,292,705	0.39%
AC Denton LLC	54,000,000	0.38%	Anderson Merchandiser LP (Distribution Center)	25,262,921	0.38%
Total	$ 682,207,116	4.75%	Total	$ 424,453,790	6.31%

Source: Denton Central Appraisal District

[1]**Total taxable assessed value for tax year 2021 (fiscal year 2022) is $16,564,912,437**

[2]**Total taxable assessed value for tax year 2012 (fiscal year 2013) is $6,716,711,368**


CITY
OF
DENTON

CITY OF DENTON, TEXAS **Table 8**
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS

Fiscal Year	Taxes Levied Within the Fiscal Year of the Levy	Adjustments to Levy in Subsequent Years	Adjusted Taxes Levied for the Fiscal Year	Collected Within the Fiscal Year of the Levy		Collections in Subsequent Years
				Amount	Percentage of Levy	
2013	46,965,495	35,838	47,001,333	46,638,975	99.23%	297,715
2014	48,398,900	74,600	48,473,500	48,083,910	99.20%	320,845
2015	53,829,793	(72,762)	53,757,031	53,503,029	99.53%	167,564
2016	58,634,172	4,387	58,638,558	58,280,013	99.39%	262,654
2017	64,030,255	(48,282)	63,981,973	63,702,954	99.56%	196,599
2018	66,830,333	(47,654)	66,782,679	66,493,774	99.57%	190,415
2019	70,914,567	(111,126)	70,803,441	70,345,941	99.35%	330,390
2020	75,040,101	(162,908)	74,877,193	74,711,122	99.78%	18,664
2021	77,955,896	(201,991)	77,753,905	77,539,353	99.72%	15,485
2022	79,440,823	-	79,440,823	79,125,105	99.60%	-

(continued on the following page)

Source: Denton County Tax Assessor

CITY OF DENTON, TEXAS **Table 8**
PROPERTY TAX LEVIES AND COLLECTIONS (concluded)
LAST TEN FISCAL YEARS

Fiscal Year	Total Collections to Date	
	Amount	Percentage of Levy
2013	46,936,690	99.86%
2014	48,404,755	99.86%
2015	53,670,593	99.84%
2016	58,542,667	99.84%
2017	63,899,553	99.87%
2018	66,684,189	99.85%
2019	70,676,331	99.82%
2020	74,729,786	99.80%
2021	77,554,838	99.74%
2022	79,125,105	99.60%
		(concluded)

Source: Denton County Tax Assessor

CITY OF DENTON, TEXAS **Table 9**
RATIO OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS

	Governmental Activities				Business-Type Activities		
Fiscal Year	General Obligation Bonds	Certificates of Obligation	Premiums, Discounts	Other Obligations	Revenue Bonds	General Obligation Bonds	Certificates of Obligation
2013	80,719,761	37,514,485	3,737,386	983,249	144,225,000	55,970,239	222,955,515
2014	78,316,161	41,570,000	3,593,057	1,102,864	112,170,000	79,188,839	290,640,000
2015	95,019,058	41,590,000	6,039,823	2,079,227	63,340,000	108,585,942	359,375,000
2016	109,861,174	34,565,000	9,250,779	1,373,230	-	141,063,826	416,465,000
2017	118,267,663	49,285,000	10,994,176	498,062	214,890,000	127,677,337	467,620,000
2018	127,647,935	81,200,000	12,515,724	4,171	214,890,000	111,347,065	447,050,000
2019	135,507,957	83,560,000	12,749,386	-	214,890,000	118,682,043	414,890,000
2020	150,187,533	99,295,000	17,024,883	-	207,310,000	121,872,467	396,900,000
2021	193,376,855	115,145,000	22,123,885	-	341,330,000	110,803,145	437,255,000
2022	236,288,240	118,055,000	24,952,600	-	332,955,000	99,701,760	506,945,000

(continued on the following page)

Source: Annual Comprehensive Financial Reports

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

CITY OF DENTON, TEXAS **Table 9**
RATIO OF OUTSTANDING DEBT BY TYPE (concluded)
LAST TEN FISCAL YEARS

Fiscal Year	Business-Type Activities		Total Primary Government	Percentage of Personal Income[1]	Per Capita[1]
	Premiums, Discounts	Other Obligations			
2013	18,645,703	363,487	565,114,825	0.02030%	4,789.84
2014	23,263,019	-	629,843,940	0.02127%	5,242.28
2015	27,564,104	-	703,593,154	0.02359%	5,723.67
2016	38,514,641	-	751,093,650	0.02494%	5,994.94
2017	69,029,540	-	1,058,261,778	0.03176%	8,230.50
2018	61,504,481	-	1,056,157,358	0.03044%	7,965.29
2019	56,877,139	-	1,037,156,525	0.02752%	7,574.52
2020	57,094,682	-	1,049,684,565	0.02558%	7,446.90
2021	56,775,507	-	1,276,809,392	0.02930%	8,655.45
2022	57,106,692	-	1,698,961,314	0.03559%	11,468.16

(concluded)

Source: Annual Comprehensive Financial Reports

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

[1]See Table 13 for personal income and population data.

CITY OF DENTON, TEXAS **Table 10**
RATIO OF GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS

	General Bonded Debt Outstanding						
Fiscal Year	General Obligation Bonds	Certificates of Obligation	Premiums, Discounts	Less: Amounts Available in Debt Service Fund	Total	Percentage of Taxable Value of Property[1]	Per Capita[2]
2012	139,315,000	215,225,000	18,283,190	3,460,027	369,363,163	5.76%	3,159.98
2013	136,690,000	260,470,000	20,029,829	4,116,256	413,073,573	6.15%	3,501.16
2014	157,505,000	332,210,000	25,434,647	4,261,848	510,887,799	7.32%	4,252.19
2015	203,605,000	400,965,000	33,414,816	4,260,793	633,724,023	8.13%	5,155.29
2016	250,925,000	451,030,000	47,765,420	4,314,370	745,406,050	8.81%	5,949.54
2017	245,945,000	516,905,000	49,644,634	4,666,797	807,827,837	8.81%	6,282.78
2018	238,995,000	528,250,000	46,011,204	4,773,267	808,482,937	7.76%	6,097.39
2019	254,190,000	498,450,000	43,987,604	4,627,301	792,000,303	7.00%	5,784.11
2020	272,060,000	496,195,000	50,850,724	4,515,678	814,590,046	6.46%	5,779.04
2021	304,180,000	552,400,000	57,917,029	3,416,922	911,080,107	6.80%	6,176.19
2022	335,990,000	625,000,000	63,275,504	735,796	1,023,529,708	7.12%	6,908.93

Source: Annual Comprehensive Financial Reports

(continued on the following page)

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

[1]See Table 5 for property value data.

[2]See Table 13 for population data.

[3]In 2010, the City began issuing Certificates of Obligation not only for general government purposes which are repaid by property taxes, but also for utility related projects of the City. The Certificates of Obligation issued for utility purposes are repaid from the specific utility fund as revenue supported for which the debt was issued.

CITY OF DENTON, TEXAS **Table 10**
RATIO OF GENERAL BONDED DEBT OUTSTANDING (concluded)
LAST TEN FISCAL YEARS

	Tax Supported General Bonded Debt Outstanding			
Fiscal Year	Less: Revenue Supported Debt[3]	Net Tax Supported Debt	Percentage of Actual Taxable Value of Property	Per Capita[2]
2012	255,626,522	113,736,641	1.77%	973.04
2013	295,218,197	117,855,376	1.75%	998.93
2014	391,670,429	119,217,370	1.71%	992.26
2015	495,335,935	138,388,088	1.77%	1,125.77
2016	596,043,467	149,362,583	1.76%	1,192.15
2017	633,947,795	173,880,042	1.90%	1,352.33
2018	591,892,545	216,590,392	2.08%	1,633.47
2019	564,810,261	227,190,042	2.01%	1,659.21
2020	552,598,308	261,991,738	2.08%	1,858.68
2021	583,851,289	327,228,818	2.44%	2,218.27
2022	644,969,664	378,560,044	2.63%	2,555.32

(concluded)

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

[1]**See Table 5 for property value data.**

[2]**See Table 13 for population data.**

[3]**In 2010, the City began issuing Certificates of Obligation not only for general government purposes which are repaid by property taxes, but also for utility related projects of the City. The Certificates of Obligation issued for utility purposes are repaid from the specific utility fund as revenue supported for which the debt was issued.**

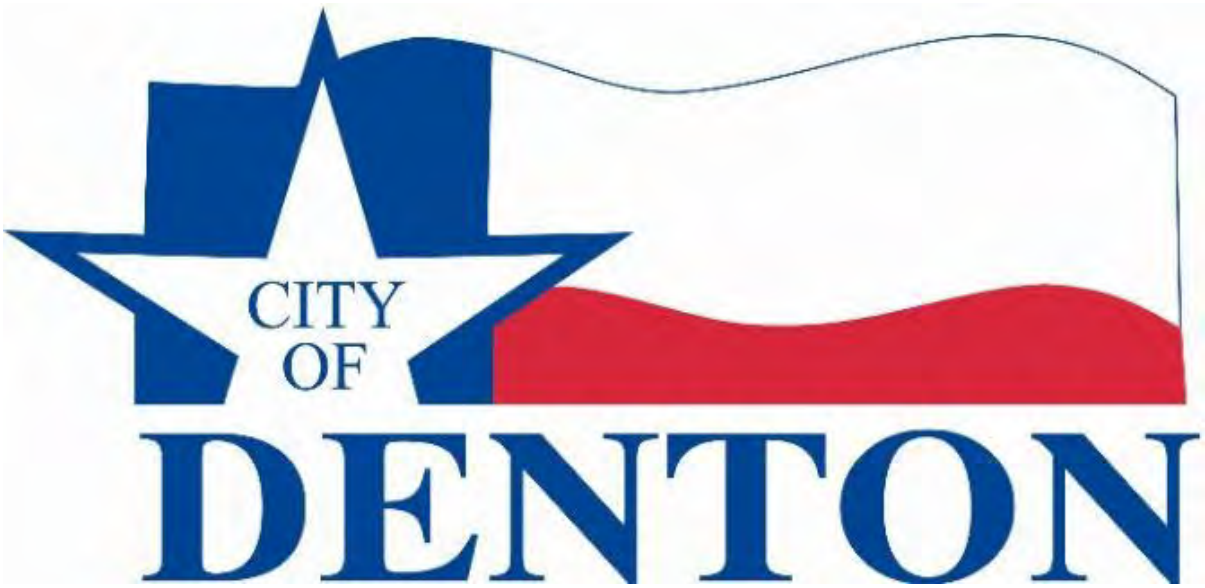
CITY OF DENTON, TEXAS **Table 11**
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF SEPTEMBER 30, 2022

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable[1]	Estimated Share of Overlapping Debt
Debt repaid with property taxes:			
Denton Independent School District	$ 1,262,102,927	58.75%	$ 741,485,471
Denton County	559,930,000	11.89%	66,575,677
Argyle Independent School District	324,233,260	7.03%	22,793,598
Aubrey Independent School District	284,042,769	0.12%	340,851
Krum Independent School District	50,940,189	6.65%	3,387,523
Lake Dallas Independent School District	141,513,624	0.01%	14,151
Pilot Point Independent School District	46,197,826	0.25%	115,495
Ponder Independent School District	65,472,783	3.77%	2,468,324
Sanger Independent School District	142,825,322	0.45%	642,714
Subtotal, overlapping debt			837,823,804
City of Denton, direct debt		100.00%	379,295,840
Total direct and overlappping debt			$ 1,217,119,644
Ratio of direct and overlapping funded debt to the City's taxable assessed valuation			8.47%
Per capita overlapping funded debt			8,216

Source: data.texas.gov

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the city. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the City of Denton. This process recognizes that, when considering the City of Denton's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

[1]The percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of the overlapping government's taxable assessed value that is within the City of Denton's boundaries and dividing it by the overlapping government's total taxable assessed value.


CITY
OF
DENTON

CITY OF DENTON, TEXAS **Table 12**
PLEDGED REVENUE COVERAGE
LAST TEN FISCAL YEARS

	Utility System[1] Revenue Bonds					
Fiscal Year	Operating Revenue	Investment Revenue	Less: Fair Market Value Adjustment to Investment Revenue[2]	Impact Fee Revenue	Less: Operating Expenses Before Depreciation	Add: Franchise Fees and Return on Investment Paid to General Fund[3]
2012	189,645,277	1,477,452	110,626	3,542,829	139,801,421	14,414,769
2013	197,126,041	983,424	(227,534)	3,704,336	164,688,198	14,582,800
2014	208,666,178	1,225,879	46,226	5,191,886	175,620,125	15,278,150
2015	229,583,483	1,512,820	156,230	6,476,021	175,131,645	16,356,904
2016	229,086,008	1,772,813	(132,432)	7,286,409	163,392,323	17,027,566
2017	239,310,663	3,150,469	(737,238)	7,409,026	182,455,762	18,215,432
2018	271,387,844	3,599,667	(707,351)	11,867,205	177,438,191	20,089,862
2019	311,420,814	7,852,695	2,174,835	11,945,407	236,743,123	20,527,742
2020	286,680,979	5,338,527	829,978	13,702,962	189,987,335	24,520,095
2021	412,377,440	187,087	(1,341,742)	25,932,237	324,977,625	26,874,761
2022	376,384,805	(657,831)	(3,694,366)	29,917,197	284,659,394	32,247,525

(continued on the following page)

Source: Annual Comprehensive Financial Reports

[1]The Utility System includes the Electric, Water, and Wastewater funds.

[2]For the coverage calculation, the fair market adjustment to the value of investments is excluded.

[3]For the coverage calculation, franchise fees and return on investment payments to the General Fund are excluded from operating expenses.

[4]Revenue bond covenants required a times coverage of 1.25 or greater through fiscal year 2016. Starting in fiscal year 2017, revenue bond convenants require a times coverage of 1.00 or greater.

[5]Total times coverage provided to assess total bond debt related to the Utility System.

CITY OF DENTON, TEXAS **Table 12**
PLEDGED REVENUE COVERAGE (concluded)
LAST TEN FISCAL YEARS

		Utility System[1] Revenue Bonds						
		Revenue Bond Debt			Certificate of Obligation & General Obligation Bond Debt			
Fiscal Year	Net Available Revenue	Principal	Interest	Times Coverage[4]	Principal	Interest	Times Coverage	Total Times Coverage[5]
2012	69,168,280	12,630,000	7,028,800	3.52	11,880,000	7,477,233	3.57	1.77
2013	51,935,937	13,260,000	6,437,088	2.64	9,940,000	9,115,348	2.73	1.34
2014	54,695,742	11,570,000	4,902,319	3.32	11,860,000	10,306,245	2.47	1.42
2015	78,641,353	10,210,000	2,551,456	6.16	15,535,000	14,115,713	2.65	1.85
2016	91,912,905	10,210,000	2,551,456	7.20	18,800,000	18,258,583	2.48	1.84
2017	86,367,066	-	3,680,389	23.47	25,495,000	21,419,293	1.84	1.71
2018	130,213,738	-	10,685,000	12.19	31,035,000	22,962,237	2.41	2.01
2019	112,828,700	-	10,685,000	10.56	34,805,000	21,067,832	2.02	1.70
2020	139,425,250	7,580,000	10,495,500	7.71	36,710,000	19,938,154	2.46	1.87
2021	141,735,642	7,970,000	10,106,250	7.84	35,170,000	18,529,486	2.64	1.97
2022	156,926,668	8,375,000	12,195,668	7.63	35,105,000	19,372,176	2.88	2.09

(concluded)

Source: Annual Comprehensive Financial Reports

[1]**The Utility System includes the Electric, Water, and Wastewater funds.**

[2]**For the coverage calculation, the fair market adjustment to the value of investments is excluded.**

[3]**For the coverage calculation, franchise fees and return on investment payments to the General Fund are excluded from operating expenses.**

[4]**Revenue bond covenants required a times coverage of 1.25 or greater through fiscal year 2016. Starting in fiscal year 2017, revenue bond convenants require a times coverage of 1.00 or greater.**

[5]**Total times coverage provided to assess total bond debt related to the Utility System.**

ToC

CITY OF DENTON, TEXAS **Table 13**
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS

Fiscal Year	Estimated Population[1]	Personal Income	Per Capita Income[2]	Median Age[2]	Grade School Enrollment[3]	University Enrollment[4]	Unemployment Rate[5]
2013	117,982	2,783,431,344	23,592	26.9	26,339	48,584	5.2%
2014	120,147	2,960,782,521	24,643	27.5	27,105	48,497	4.2%
2015	122,927	2,982,209,020	24,260	27.9	27,473	49,665	3.4%
2016	125,288	3,011,547,656	24,037	28.4	28,658	50,809	3.5%
2017	128,578	3,332,098,870	25,915	28.5	29,433	50,911	3.1%
2018	132,595	3,469,348,175	26,165	29.1	30,219	51,100	3.1%
2019	136,927	3,768,094,113	27,519	29.9	30,973	52,368	2.8%
2020	140,956	4,103,088,204	29,109	29.1	30,319	48,064	6.5%
2021	147,515	4,357,298,070	29,538	29.5	32,068	51,193	5.6%
2022	148,146	4,773,856,704	32,224	29.5	32,632	57,092	3.2%

Sources:

[1]City of Denton Planning and Development Department estimate.

[2]United States Census and Denton Chamber of Commerce

[3]Denton Independent School District

[4]University of North Texas' and Texas Woman's University's Denton campus enrollment

[5]Texas Workforce Commission estimate

CITY OF DENTON, TEXAS **Table 14**
PRINCIPAL EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO

2022			2013		
Name of Employer	Employees	Percentage of Total City Employment	Name of Employer	Employees	Percentage of Total City Employment
University of North Texas	8,891	10.73%	University of North Texas	8,887	14.12%
Denton Independent School District	4,331	5.23%	Denton Independent School District	3,300	5.24%
Peterbilt Motors-Headquarters & Plant	2,000	2.41%	Peterbilt Motors-Headquarters & Plant	2,100	3.34%
Denton County (in Denton)	1,822	2.20%	Texas Woman's University	1,787	2.84%
Denton State Supported Living Center	1,146	1.38%	Denton County (in Denton)	1,554	2.47%
City of Denton	1,104	1.33%	Denton State School	1,500	2.38%
Texas Presbyterian Hospital	1,100	1.33%	City of Denton	1,401	2.23%
Texas Womens Univerity	1,077	1.30%	Federal Emergency Management Agency	1,100	1.75%
Sally Beauty	1,000	1.21%	Presbyterian Hospital of Denton	1,074	1.71%
Medical City Denton	799	0.96%	Denton Regional Medical Center	911	1.45%
Total	23,270	28.08%	Total	23,614	37.53%

Source: Office of Economic Development & Denton Chamber of Commerce

CITY OF DENTON, TEXAS **Table 15**
FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS

	Full-time Equivalent Employees for Fiscal Year				
Function / Program	**2013**	**2014**	**2015**	**2016**	**2017**
General government	210.25	210.25	218.75	229.75	224.75
Public safety					
Police	219.23	225.23	228.23	230.23	249.73
Fire	167.75	167.75	168.25	177.25	184.25
Animal services	11.00	11.00	13.00	13.00	14.00
Municipal Court/Judge	19.50	19.50	19.00	19.00	18.00
Public Safety Communication	-	-	-	-	-
Public works	44.00	46.00	49.50	54.50	61.00
Parks and recreation	143.35	145.81	145.81	148.48	157.73
Electric system	143.00	164.00	174.00	188.00	191.00
Water system	154.00	133.50	140.50	144.50	151.50
Wastewater system	97.25	100.75	108.75	111.25	111.25
Solid waste	115.00	117.00	120.00	124.50	132.50
Airport	6.50	6.50	7.50	7.50	6.50
Materials management	13.00	15.00	15.00	16.00	17.00
Fleet services	22.00	22.00	22.00	24.00	24.00
Technology services	29.00	31.00	36.00	36.00	43.00
Engineering	-	31.00	34.00	34.00	35.00
Risk Retention	6.00	6.00	8.00	8.00	9.00
Customer Service	-	-	-	-	-
Facilities Management	-	-	-	-	-
Total	1,400.83	1,452.29	1,508.29	1,565.96	1,630.21

(continued on the following page)

Source: City of Denton Budget Office

[1]Public Safety Communication moved out of Police in fiscal year 2019 into its own

CITY OF DENTON, TEXAS **Table 15**
FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM (concluded)
LAST TEN FISCAL YEARS

	Full-time Equivalent Employees for Fiscal Year				
Function / Program	**2018**	**2019**	**2020**	**2021**	**2022**
General government	224.25	226.50	216.25	264.12	295.54
Public safety					
Police	253.73	239.73	258.23	265.73	274.23
Fire	191.25	194.25	197.25	199.25	208.25
Animal services	14.00	16.50	20.00	20.00	22.00
Judge[2]	17.00	15.50	15.75	12.75	2.75
Public Safety Communication[1]	-	30.00	33.50	41.50	40.50
Public works	60.00	55.00	56.00	55.00	51.00
Parks and recreation	157.73	163.93	164.63	115.92	121.68
Electric system	199.00	187.00	189.00	173.00	173.00
Water system	149.00	105.50	107.50	104.50	112.50
Wastewater system	110.00	113.50	125.00	108.50	107.50
Solid waste	132.50	122.50	128.00	126.00	128.00
Airport	6.00	6.00	6.00	5.00	6.00
Materials management	18.00	23.00	26.50	23.50	24.00
Fleet services	23.00	26.00	26.00	26.00	27.00
Technology services	44.00	56.75	61.75	57.00	61.00
Engineering	36.00	52.00	51.00	45.00	45.00
Risk Retention	9.00	10.00	10.00	8.00	8.00
Customer Service	-	42.50	45.00	43.00	52.00
Facilities Management	-	-	20.50	17.00	16.00
Total	1,644.46	1,686.16	1,757.86	1,710.77	1,775.95

(concluded)

Source: City of Denton Budget Office

[1]**Public Safety Communication moved out of Police in fiscal year 2019 into its own department.**

[2]**Muncipal Court moved into Finance in 2021.**

CITY OF DENTON, TEXAS
OPERATING INDICATORS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS

Table 16

	Fiscal Year				
Function / Program	2013	2014	2015	2016	2017
Public Safety					
Police					
Calls for service	81,084	83,704	84,434	86,399	87,122
Traffic citations issued	30,166	27,160	22,022	20,207	22,323
Fire					
Fire calls for service	3,845	4,183	3,933	4,511	4,651
EMS calls for service	7,717	7,977	8,079	8,943	9,687
Inspections (Businesses)	4,366	4,830	4,066	4,361	3,988
Animal Services					
Animals sheltered	5,420	5,072	4,876	5,032	4,944
Animals adopted, transferred, or returned	4,209	3,895	3,870	4,468	4,203
Public Works					
Street repaving (lane miles)	10.26	25.59	18.21	25.69	28.36
Pot holes repaired	7,227	8,996	11,872	15,254	16,972
Cutouts base failures (square feet)	114,448	72,098	99,085	152,002	95,601
Crack seal maintenance (linear feet)	155,838	77,451	59,115	37,828	119,611
Parks and Recreation					
Attendance					
Leisure Services	909,395	1,060,988	967,132	1,007,102	1,082,246
Water Park	215,605	209,406	218,232	224,893	232,527
Total Acres Maintained	2,272	2,425	2,469	2,511	2,206
Water					
Number of customers	31,837	32,405	33,465	34,198	34,714
Annual finished water production (in thousand gallons)	6,827,186	6,155,724	6,355,608	6,301,333	6,368,582
Wastewater					
Number of customers	30,103	30,562	31,243	32,077	32,618
Annual wastewater discharge (in thousand gallons)	4,943,270	4,926,080	5,834,100	6,111,680	5,175,571
Solid Waste					
Monthly average number of customers (residential and commercial)	34,003	36,593	37,540	39,806	41,219
MSW Landfilled (tons)	176,076	203,928	227,859	251,305	268,000
Recycling collections (tons)	96,055	87,655	81,558	113,743	117,155

(continued on the following page)

Source: Various city departments

CITY OF DENTON, TEXAS
OPERATING INDICATORS BY FUNCTION/PROGRAM (concluded)
LAST TEN FISCAL YEARS

Table 16

	Fiscal Year				
Function / Program	2018	2019	2020	2021	2022
Public Safety					
Police					
Calls for service	81,672	87,847	90,583	115,209	129,202
Traffic citations issued	20,251	22,747	10,896	7,067 [2]	9,441
Fire					
Fire calls for service	4,978	3,502	4,421	5,079	7,307
EMS calls for service	9,876	9,130	12,091	15,001	13,127
Inspections (Businesses)	4,142	3,537	2,982	2,889	3,305
Animal Services					
Animals sheltered	4,924	5,027	4,059	4,431	4,605
Animals adopted, transferred, or returned	4,236	4,065	3,671	3,842	3,056
Public Works					
Street repaving (lane miles)	32.01	16.89	11.66	12.91	9.42
Pot holes repaired	6,228	6,658	4,837	6,803	3,404
Cutouts base failures (square feet)	328,022	72,819	160,661	202,879	75,745
Crack seal maintenance (linear feet)	438,240	47,908	-	134,573	64,680
Parks and Recreation					
Attendance					
Leisure Services	1,166,987	1,000,918	421,364	213,843	721,552
Water Park	210,171	218,326	-	71,749	74,245
Total Acres Maintained	2,245	1,990	2,081	5,810	6,826
Water					
Number of customers	35,945	36,876	38,082	39,118	39,494
Annual finished water production (in thousand gallons)	7,141,131	6,706,951	7,178,384	6,887,601	8,140,324
Wastewater					
Number of customers	33,987	34,873	35,922	36,589	36,562
Annual wastewater discharge (in thousand gallons)	4,548,900	5,335,150	5,237,560	5,261,440	4,821,020
Solid Waste					
Monthly average number of customers (residential and commercial)	42,499	43,256	44,736	46,103	50,683
MSW Landfilled (tons)	276,537	310,487	401,563	437,100	458,395
Recycling collections (tons)	105,493	48,025	35,680	38,827	37,208

(concluded)

Source: Various city departments

[1]The City did less route and seal of the concrete pavement and more clean and seal of asphalt pavement during the year. The drop in # of cutouts and crack seal maintenance was due to resources beign allocated to other projects and programs.

[2]These numbers were impacted from the COVID19 pandemic. The Water Park did not open during this year.

CITY OF DENTON, TEXAS **Table 17**
CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS

	Fiscal Year				
Function / Program	**2013**	**2014**	**2015**	**2016**	**2017**
Public safety					
Police					
Police stations	1	1	1	1	1
Police patrol units	137	138	137	141	147
Fire					
Fire stations	7	7	7	7	7
Emergency vehicles	31	31	32	36	36
Animal services					
Animals shelters	1	1	1	1	1
Public works					
Lane miles added per year	12.00	12.20	5.83	8.11	22.45
Streetlights	7,020	7,067	7,164	7,233	7,414
Parks and recreation					
Parks	34	34	34	34	34
Parks and open spaces acreage	1,461	1,783	1,783	2,284	2,284
Recreation centers	12	12	12	12	12
Water					
Water mains (miles)	572	592	604	618	626
Raw water (in thousand gallons)	6,776,717	6,195,624	6,493,457	6,182,450	6,232,032
Wastewater					
Wastewater mains (miles)	509	513	516	521	526
Maximum daily capacity (in million gallons)	25	25	25	25	25
Solid waste					
Landfills	1	1	1	1	1

(continued on the following page)

Source: Various city departments

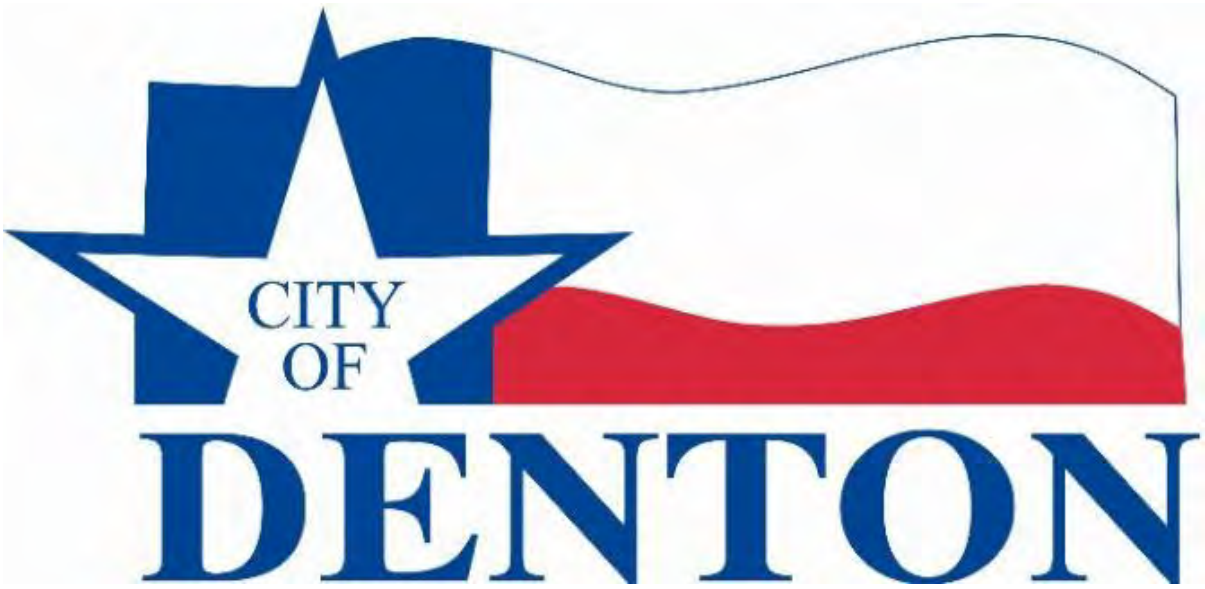
CITY OF DENTON, TEXAS **Table 17**
CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM (concluded)
LAST TEN FISCAL YEARS

	Fiscal Year				
Function / Program	**2018**	**2019**	**2020**	**2021**	**2022**
Public safety					
Police					
Police stations	1	1	1	1	1
Police patrol units	155	168	169	181	250
Fire					
Fire stations	7	7	7	8	8
Emergency vehicles	37	37	34	42	105
Animal services					
Animals shelters	1	1	1	1	1
Public works					
Lane miles added per year	22.64	85.60	23.49	42.65	39.24
Streetlights	7,771	7,889	8,199	9,051	8,036
Parks and recreation					
Parks	34	34	38	38	38
Parks and open spaces acreage	2,245	4,033	3,906	5,025	5,895 [1]
Recreation centers	12	12	12	12	12
Water					
Water mains (miles)	631	631	642	676	665
Raw water (in thousand gallons)	6,946,073	6,473,664	6,760,814	6,790,254	7,988,110
Wastewater					
Wastewater mains (miles)	533	533	528	544	568 [1]
Maximum daily capacity (in million gallons)	25	25	25	25	25
Solid waste					
Landfills	1	1	1	1	1

(concluded)

Source: Various city departments

[1]The City revised these calculations using GIS technology and verification.


CITY
OF
DENTON

CITY OF DENTON, TEXAS
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2022

Exhibit XXIX

	Budgeted Amounts		Actual on a Budgetary Basis	Variance with Final Budget - Positive (Negative)
	Original	Final		
EXPENDITURES:				
Personnel Services	$ 1,885,508	$ 1,885,508	$ 2,000,580	$ (115,072)
Materials and Supplies	16,068	16,068	34,188	(18,120)
Maintenance and Repairs	-	-	2,120	(2,120)
Insurance	20,680	20,680	31,014	(10,334)
Miscellaneous	212,675	212,675	99,175	113,500
Operations, Services	142,125	152,125	250,470	(98,345)
Transfers - Interfund	142,137	142,137	108,089	34,048
City Manager's Office	2,419,193	2,429,193	2,525,636	(96,443)
Personnel Services	384,496	384,496	372,869	11,627
Materials and Supplies	600	600	1,060	(460)
Insurance	5,463	5,463	8,203	(2,740)
Miscellaneous	1,000	1,000	365	635
Operations, Services	57,001	57,001	36,025	20,976
Transfers - Interfund	16,181	16,181	12,305	3,876
Cable Television	464,741	464,741	430,827	33,914
Personnel Services	373,682	373,682	398,432	(24,750)
Materials and Supplies	500	500	2,679	(2,179)
Maintenance and Repairs	1,500	1,500	-	1,500
Insurance	8,693	8,693	13,019	(4,326)
Operations, Services	145,195	145,195	144,730	465
Transfers - Interfund	31,698	31,698	24,105	7,593
Internal Audit	561,268	561,268	582,965	(21,697)
Personnel Services	1,190,690	1,190,690	960,518	230,172
Materials and Supplies	360,600	360,600	146,378	214,222
Insurance	12,788	12,788	19,198	(6,410)
Operations, Services	475,584	475,584	318,383	157,201
Transfers - Interfund	64,797	64,797	49,276	15,521
Public Communications	2,104,459	2,104,459	1,493,753	610,706
Personnel Services	1,908,477	1,952,477	2,076,621	(124,144)
Materials and Supplies	29,900	29,900	14,078	15,822
Maintenance and Repairs	500	2,050	1,550	500
Insurance	24,270	24,270	36,432	(12,162)
Miscellaneous	52,500	52,500	29,683	22,817
Operations, Services	618,826	617,276	532,285	84,991
Transfers - Interfund	142,422	142,422	108,306	34,116
Human Resources	2,776,895	2,820,895	2,798,955	21,940
Personnel Services	2,921,379	2,921,379	2,445,675	475,704
Materials and Supplies	67,783	67,783	66,772	1,011
Insurance	24,307	24,307	36,485	(12,178)
Operations, Services	200,200	200,200	247,908	(47,708)
Transfers - Interfund	96,721	96,721	73,552	23,169
Legal Administration	$ 3,310,390	$ 3,310,390	$ 2,870,392	$ 439,998

(continued on the following page)

CITY OF DENTON, TEXAS
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2022

Exhibit XXIX

	Budgeted Amounts		Actual on a Budgetary Basis	Variance with Final Budget - Positive (Negative)
	Original	Final		
EXPENDITURES:				
Personnel Services	$ 504,000	$ 504,000	$ 502,733	$ 1,267
Materials and Supplies	9,576	5,976	1,906	4,070
Insurance	5,241	5,241	7,851	(2,610)
Operations, Services	7,985	11,585	4,957	6,628
Transfers - Interfund	40,280	40,280	30,631	9,649
Municipal Judge	567,082	567,082	548,078	19,004
Personnel Services	1,804,220	1,804,220	2,044,639	(240,419)
Materials and Supplies	24,228	24,226	21,976	2,250
Insurance	39,454	39,454	59,238	(19,784)
Miscellaneous	43,181	43,181	565	42,616
Operations, Services	192,667	142,669	129,781	12,888
Transfers - Interfund	223,084	823,084	769,646	53,438
Planning	2,326,834	2,876,834	3,025,845	(149,011)
Personnel Services	3,135,039	3,135,039	2,954,015	181,024
Materials and Supplies	47,662	47,662	22,691	24,971
Insurance	52,340	52,340	78,583	(26,243)
Operations, Services	131,114	131,114	191,489	(60,375)
Transfers - Interfund	302,682	302,682	230,177	72,505
Building Inspections	3,668,837	3,668,837	3,476,955	191,882
Personnel Services	96,530	96,530	15,983	80,547
Materials and Supplies	2,325	2,325	780	1,545
Insurance	1,795	1,795	2,692	(897)
Operations, Services	256,793	256,793	205,961	50,832
Transfers - Interfund	19,456	19,456	14,796	4,660
Gas Well Review	376,899	376,899	240,212	136,687
Personnel Services	642,747	642,747	-	642,747
Insurance	33,135	33,135	49,291	(16,156)
Operations, Services	-	-	9,706	(9,706)
Transfers - Interfund	103,497	103,497	-	103,497
Community Improvement	$ 779,379	$ 779,379	$ 58,997	$ 720,382

(continued on the following page)

CITY OF DENTON, TEXAS
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2022

Exhibit XXIX

	Budgeted Amounts		Actual on a Budgetary Basis	Variance with Final Budget - Positive (Negative)
	Original	Final		
EXPENDITURES:				
Personnel Services	$ 1,028,112	$ 1,028,112	$ 950,608	$ 77,504
Materials and Supplies	43,000	43,000	22,921	20,079
Insurance	22,663	22,663	34,019	(11,356)
Miscellaneous	800	800	759	41
Operations, Services	43,870	43,870	19,440	24,430
Transfers - Interfund	260,934	260,934	198,430	62,504
Municipal Court	1,399,379	1,399,379	1,226,177	173,202
Personnel Services	3,462,119	3,462,119	3,347,259	114,860
Materials and Supplies	75,675	75,675	45,528	30,147
Maintenance and Repairs	1,800	1,800	-	1,800
Insurance	42,877	42,877	64,374	(21,497)
Miscellaneous	3,010	3,010	904	2,106
Operations, Services	144,523	144,523	109,555	34,968
Transfers - Interfund	516,559	516,559	392,822	123,737
Finance	4,246,563	4,246,563	3,960,442	286,121
Personnel Services	600,900	600,900	413,617	187,283
Materials and Supplies	38,150	38,150	4,167	33,983
Maintenance and Repairs	5,600	5,600	-	5,600
Insurance	6,840	6,840	10,301	(3,461)
Miscellaneous	42,900	42,900	39,971	2,929
Operations, Services	3,689,224	3,689,224	3,716,476	(27,252)
Transfers - Interfund	50,981	50,981	38,769	12,212
Economic Development	4,434,595	4,434,595	4,223,301	211,294
Personnel Services	7,909,158	8,214,428	7,432,869	781,559
Materials and Supplies	999,822	977,542	919,286	58,256
Maintenance and Repairs	869,755	815,886	738,885	77,001
Insurance	182,382	182,382	273,804	(91,422)
Miscellaneous	12,540	12,540	5,558	6,982
Operations, Services	3,457,547	3,580,496	3,601,338	(20,842)
Transfers - Interfund	742,578	748,528	2,120,513	(1,371,985)
Capital Outlay	40,650	40,650	37,189	3,461
Parks & Recreation	14,214,432	14,572,452	15,129,442	(556,990)
Personnel Services	1,397,240	1,397,240	1,079,123	318,117
Miscellaneous	1,290	1,290	1,099	191
Operations, Services	120,000	120,000	130,752	(10,752)
Development Review	1,518,530	1,518,530	1,210,974	307,556
Personnel Services	4,204,104	4,204,104	4,052,959	151,145
Materials and Supplies	163,968	177,277	141,308	35,969
Maintenance and Repairs	65,356	55,391	42,322	13,069
Insurance	99,818	99,818	149,588	(49,770)
Operations, Services	482,313	477,624	436,614	41,010
Transfers - Interfund	1,153,742	1,153,742	867,449	286,293
Capital Outlay	487,067	488,412	503,100	(14,688)
Library	6,656,368	6,656,368	6,193,340	463,028

(continued on the following page)

CITY OF DENTON, TEXAS
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2022

Exhibit XXIX

	Budgeted Amounts		Actual on a Budgetary Basis	Variance with Final Budget - Positive (Negative)
	Original	Final		
EXPENDITURES:				
Personnel Services	$ 1,025,123	$ 1,025,123	$ 945,037	$ 80,086
Materials and Supplies	27,275	27,275	17,928	9,347
Maintenance and Repairs	833,275	833,275	789,099	44,176
Insurance	28,733	28,733	43,150	(14,417)
Miscellaneous	2,400	2,400	809	1,591
Operations, Services	143,698	143,698	131,369	12,329
Transfers - Interfund	324,626	324,626	344,773	(20,147)
Capital Outlay	-	-	-	-
Traffic Operations	2,385,130	2,385,130	2,272,165	112,965
Operations, Services	850,000	850,000	934,302	(84,302)
Street Lighting	850,000	850,000	934,302	(84,302)
Personnel Services	38,941,555	38,941,555	38,710,275	231,280
Materials and Supplies	875,804	727,996	502,776	225,220
Maintenance and Repairs	8,650	11,150	6,118	5,032
Insurance	560,855	560,855	811,411	(250,556)
Miscellaneous	185,450	183,450	188,311	(4,861)
Operations, Services	1,202,785	1,350,093	2,002,101	(652,008)
Transfers - Interfund	3,625,287	3,625,287	2,829,182	796,105
Police	45,400,386	45,400,386	45,050,174	350,212
Personnel Services	1,702,970	1,702,970	1,529,458	173,512
Materials and Supplies	111,600	77,100	115,399	(38,299)
Maintenance and Repairs	14,849	8,000	13,960	(5,960)
Insurance	40,715	40,715	61,102	(20,387)
Miscellaneous	1,500	1,500	-	1,500
Operations, Services	652,599	693,948	748,096	(54,148)
Transfers - Interfund	158,914	158,914	140,848	18,066
Animal Services	2,683,147	2,683,147	2,608,863	74,284
Personnel Services	30,237,687	30,582,270	31,965,195	(1,382,925)
Materials and Supplies	820,850	821,844	916,558	(94,714)
Maintenance and Repairs	148,162	151,641	209,167	(57,526)
Insurance	376,374	376,374	564,734	(188,360)
Miscellaneous	94,330	87,712	71,572	16,140
Operations, Services	2,002,813	2,004,958	2,918,616	(913,658)
Transfers - Interfund	1,187,656	1,187,656	1,027,164	160,492
Capital Outlay	34,000	34,000	-	34,000
Fire	$ 34,901,872	$ 35,246,455	$ 37,673,006	$ (2,426,551)

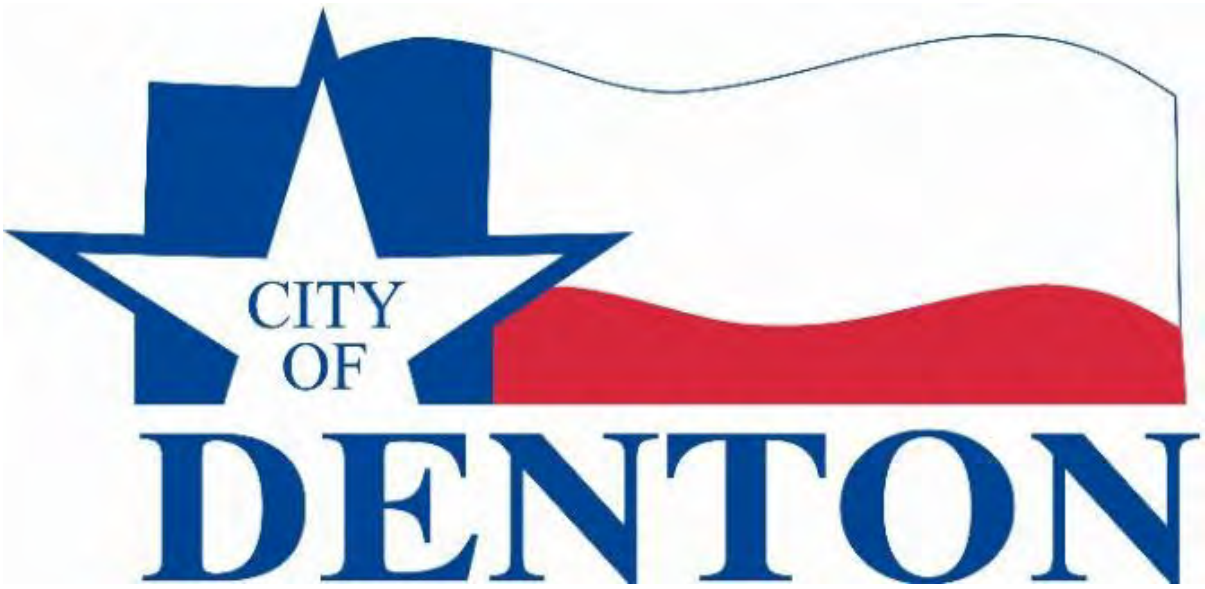
(continued on the following page)

CITY OF DENTON, TEXAS
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL (concluded)
GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2022

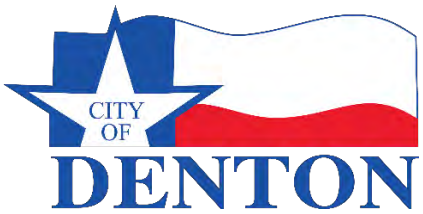
Exhibit XXIX

	Budgeted Amounts		Actual on a Budgetary Basis	Variance with Final Budget - Positive (Negative)
	Original	Final		
EXPENDITURES:				
Personnel Services	$ 599,016	$ 599,016	$ 1,090,136	$ (491,120)
Materials and Supplies	34,270	30,670	13,904	16,766
Insurance	38,150	38,150	57,337	(19,187)
Miscellaneous	588,250	588,250	325,797	262,453
Operations, Services	850,768	924,368	727,363	197,005
Transfers - Interfund	144,928	144,928	188,917	(43,989)
Agency Contributions	2,255,382	2,325,382	2,403,454	(78,072)
Personnel Services	(2,489,328)	(2,489,327)	58,048	(2,547,375)
Materials and Supplies	40,000	40,000	3,279	36,721
Miscellaneous	500,148	500,148	170,879	329,269
Operations, Services	1,486,669	1,302,125	1,742,506	(440,381)
Transfers - Interfund	10,136,492	11,847,037	9,653,786	2,193,251
Fixed Assets	18,000	18,000	-	18,000
Miscellaneous/Finance	9,691,981	11,217,983	11,628,498	(410,515)
Personnel Services	103,465,424	104,159,278	105,346,649	(1,187,371)
Materials and Supplies	3,789,656	3,592,169	3,015,562	576,607
Maintenance and Repairs	1,949,447	1,886,293	1,803,221	83,072
Insurance	1,627,573	1,627,573	2,411,826	(784,253)
Miscellaneous	1,741,974	1,733,356	935,447	797,909
Operations, Services	17,354,299	17,514,469	19,290,223	(1,775,754)
Transfers - Interfund	19,485,652	21,802,147	19,223,536	2,578,611
Capital Outlay	579,717	581,062	540,289	40,773
TOTAL GENERAL FUND	$ 149,993,742	$ 152,896,347	$ 152,566,753	$ 329,594

(concluded)


CITY
OF
DENTON

ToC



Published 03/2023
ADA/EOE/ADEA
TDD: (800) 735-2989
www.cityofdenton.com

City of Denton, Texas

Federal and State Single Audit Reports
Year Ended September 30, 2022

weaver
Assurance • Tax • Advisory

CONTENTS

Page

Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards* 1

Independent Auditor's Report on Compliance for Each Major Federal and State Program, Report on Internal Control over Compliance, and Report on Schedule of Expenditures of Federal and State Awards Required by the Uniform Guidance and the State of Texas *Uniform Grant Management Standards* 3

Schedule of Expenditures of Federal and State Awards 6

Notes to Schedule of Expenditures of Federal and State Awards 9

Schedule of Findings and Questioned Costs 10

Corrective Action Plan 13

Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

The Honorable Mayor and City Council of
City of Denton, Texas

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Denton, Texas, (the City), as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated March 2, 2023.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as item 2022-001 that we consider to be material weaknesses.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

The Honorable Mayor and City Council of
City of Denton, Texas

City's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the City's response to the findings identified in our engagement and described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Weaver and Tidwell, L.L.P.

WEAVER AND TIDWELL, L.L.P.

Dallas, Texas
March 2, 2023

Independent Auditor's Report on Compliance for Each Major Federal and State Program, Report on Internal Control over Compliance, and Report on Schedule of Expenditures of Federal and State Awards Required by the Uniform Guidance and the State of Texas *Uniform Grant Management Standards*

The Honorable Mayor and City Council of
City of Denton, Texas

Report on Compliance for Each Major Federal and State Program

Opinion on Each Major Federal and State Program

We have audited the City of Denton, Texas' (the City) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* and the State of Texas *Uniform Grant Management Standards* that could have a direct and material effect on each of the City's major federal and state programs for the year ended September 30, 2022. The City's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the City complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended September 30, 2022.

Basis for Opinion on Each Major Federal and State Programs

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); and the State of Texas *Uniform Grant Management Standards* (UGMS). Our responsibilities under those standards, the Uniform Guidance, and UGMS are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal and state program. Our audit does not provide a legal determination of the City's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the City's federal and state programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, the Uniform Guidance, and UGMS will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the City's compliance with the requirements of each major federal and state program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, the Uniform Guidance, and UGMS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the City's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the City's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance and UGMS, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal and state program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal and state program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal and state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

The Honorable Mayor and City Council of
City of Denton, Texas

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance and UGMS. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal and State Awards Required by the Uniform Guidance and UGMS

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our report thereon dated March 2, 2023, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal and state awards is presented for purposes of additional analysis as required by the Uniform Guidance and UGMS and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal and state awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Weaver and Tidwell, L.L.P.

WEAVER AND TIDWELL, L.L.P.

Dallas, Texas
March 2, 2023

City of Denton, Texas

Schedule of Expenditures of Federal and State Awards
For the Year Ended September 30, 2022

FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM TITLE	GRANT I.D.NUMBER	FEDERAL ASSISTANCE LISTING NUMBER	EXPENDITURES	PASSED THROUGH TO SUBRECIPIENTS
FEDERAL AWARDS				
U.S. Department of Housing and Urban Development				
Direct Awards:				
Community Development Block Grant	B-15-MC-48-0036	14.218	$ 61,260	$ -
Community Development Block Grant	B-16-MC-48-0036	14.218	145,567	-
Community Development Block Grant	B-17-MC-48-0036	14.218	100,030	-
Community Development Block Grant	B-18-MC-48-0036	14.218	69,190	-
Community Development Block Grant	B-19-MC-48-0036	14.218	115,402	-
Community Development Block Grant	B-20-MC-48-0036	14.218	451,990	-
Community Development Block Grant	B-21-MC-48-0036	14.218	359,439	106,855
COVID-19 - Community Development Block Grant CARES	B-20-MW-48-0036	14.218	620,041	309,289
Total CDBG Entitlement Grants Cluster			1,922,919	416,144
Home Investment Partnerships Program	M-17-MC-48-0223	14.239	16,940	-
Home Investment Partnerships Program	M-18-MC-48-0223	14.239	48,534	-
Home Investment Partnerships Program	M-19-MC-48-0223	14.239	301,544	-
Home Investment Partnerships Program	M-20-MC-48-0223	14.239	329,300	-
Home Investment Partnerships Program	M-21-MC-48-0223	14.239	169,263	-
Subtotal - Assistance Listing # 14.239			865,581	-
Total Direct Awards			2,788,500	416,144
Passed through Texas Department of Housing and Community Affairs (TDHCA):				
COVID-19 - Emergency Solutions Grant CARES	E-20-DW-48-0001	14.231	289,536	289,536
Total Passed Through Texas Department of Housing and Community Affairs			289,536	289,536
Total U.S. Department of Housing and Urban Development			3,078,036	705,680
U.S. Department of Justice				
Direct Awards:				
U.S. Marshals Violent Offenders Task Force	VOTF	16.000	76,513	-
North Texas Organized Crime Task Force	NTOCTF	16.000	11,381	-
Subtotal - Assistance Listing # 16.000			87,894	-
COVID-19 - Coronavirus Emergency Supplemental Funding Program	2020-VD-BX-0934	16.034	1,896	-
Edward Byrne Memorial Justice Assistance Grant	15PBJA-21-GG-01873-JAGX	16.738	52,618	-
National Sexual Assault Kit Initiative	2019-AK-BX-0026	16.833	71,420	18,634
Total Direct Awards			213,828	18,634
Passed through Denton County Friend of the Family				
Improving Criminal Justice Responses	15JOVW-21-GG-02041-ICJR	16.590	35,254	-
Total U.S. Department of Justice			249,082	18,634

City of Denton, Texas

Schedule of Expenditures of Federal and State Awards – Continued

For the Year Ended September 30, 2022

FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM TITLE	GRANT I.D.NUMBER	FEDERAL ASSISTANCE LISTING NUMBER	EXPENDITURES	PASSED THROUGH TO SUBRECIPIENTS
U.S. Department of Transportation				
Passed through Texas Department of Transportation:				
Green Ribbon Landscaping Improvements Program	2681-01-026	20.205	571,281	
School Connection Sidewalks	0918-46-267	20.205	75,520	
Safe Routes to School-Ginnings & Lee	0918-46-305	20.205	108,400	
Sycamore-Welch Shared-Use Path	0918-46-306	20.205	126,560	
Subtotal - Assistance Listing # 20.205			881,761	-
State and Community Highway Safety Grant	2022-DentonPD-S-1YG-00015	20.600	25,466	-
Total U.S. Department of Transportation			907,227	-
U.S. Department of Treasury				
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	N/A	21.027	7,935,258	274,095
Total U.S. Department of Treasury			7,935,258	274,095
Institute of Museum and Library Services				
Passed through Texas State Library and Archives Commision (TSLAC):				
Interlibrary Loan Program	LS-249990-OLS-21	45.310	14,421	-
TexTreasures Grant Program	LS-249990-OLS-21	45.310	24,820	-
Total Institute of Museum and Library Services			39,241	-
U.S. Department of Homeland Security				
Direct Awards:				
U.S. Immigration & Customs Enforcement Homeland Security Investigations	N/A	97.000	2,873	-
Staffing for Adquate Fire and Emergency Response (SAFER) Grant	EMW-2019-FH-00862	97.083	281,660	-
Staffing for Adquate Fire and Emergency Response (SAFER) Grant	EMW-2020-FH-00715	97.083	188,854	-
Subtotal - Assistance Listing # 97.083			470,514	-
Total Direct Awards			473,387	-
Passed through Texas A&M Engineering Extension Office:				
National Urban Search & Rescue Response System	47-100-769	97.025	31,037	-
Passed through Texas Division of Emergency Management (TDEM):				
Disaster Grants - Public Assistance - Wildfire Season 2022	N/A	97.036	73,028	-
Disaster Grants - Public Assistance - Wildfire Season 2020	N/A	97.036	48,944	-
Disaster Grants - Public Assistance - Summer Fire Weather	N/A	97.036	42,219	-
Disaster Grants - Public Assistance - Vaccination	N/A	97.036	119	-
			164,310	-
Passed through Texas Division of Emergency Management (TDEM) to Denton County:				
Denton County Vaccine Operation Assistance	N/A	97.036	131,443	
Total Passed Through Texas Division of Emergency Management (TDEM)			295,753	-
Passed through Office of the Governor - Homeland Security Grants Division:				
UASI Specialized Regional Response Teams Sustainment	EMW-2020-SS-00054	97.067	11,291	-
UASI Specialized Regional Response Teams Sustainment	EMW-2021-SS-00062	97.067	60,823	-
UASI Specialized Regional Warning Siren Cybersecurity	EMW-2021-SS-00062	97.067	42,975	
SHSP-EOD Protective Suit	EMW-2021-SS-00062	97.067	40,864	-
Total passed through Office of the Governor - Homeland Security Grants Division			155,953	-
Total U.S. Department of Homeland Security			956,130	-
TOTAL EXPENDITURES OF FEDERAL AWARDS			$ 13,164,974	$ 998,409

City of Denton, Texas

Schedule of Expenditures of Federal and State Awards – Continued
For the Year Ended September 30, 2022

STATE GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM TITLE	GRANT I.D. NUMBER	EXPENDITURES	PASSED THROUGH TO SUBRECIPIENTS
STATE AWARDS			
Office of the Texas Attorney General			
Chapter 59 Asset Forfeiture Award	N/A	$ 27,417	$ -
Total Office of the Texas Attorney General		27,417	-
Texas Department of Transportation			
Airport Maintenance Grant	M2218DNTO	49,772	-
RTR-Mayhill Road - From IH35 East to US 380	0918-46-246	1,715,789	-
RTR-Bonnie Brae Road - From IH35 East to US 377	0918-46-245	1,837,311	-
RTR-Mckinney Street (Formerly FM 426)	0918-46-298	708,052	-
RTR-Hickory Creek Road Project	0918-46-290	6,240	-
RTR-N TX Blvd Roundabout	0918-46-281	127,150	-
Total Regional Toll Revenue (RTR) Transportation Projects		4,394,542	-
Total Texas Department of Transportation		4,444,314	-
Texas A&M Engineering Extension Service			
Urban Search & Rescue Response System	47-100-769	61,049	-
Total Texas A&M Engineering Extension Service		61,049	-
Texas Commission on Environmental Quality			
Passed through North Central Texas Council of Governments:			
Solid Waste Implimentation Grant	21-04-06	13,223	-
Solid Waste Implimentation Grant	21-04-10	199,447	-
Total Texas Commission on Environmental Quality		212,670	-
Texas Comptroller of Public Accounts			
Fire-Law Enforcement Officer Standards & Education	N/A	1,000	-
Police-Law Enforcement Officer Standards & Education	N/A	21,785	-
Total Texas Comptroller of Public Accounts		22,785	-
TOTAL EXPENDITURES OF STATE AWARDS		$ 4,768,235	$ -
TOTAL EXPENDITURES OF FEDERAL AND STATE AWARDS		$ 17,933,209	$ 998,409

City of Denton, Texas

Notes to Schedule of Expenditures of Federal and State Awards
For the Year Ended September 30, 2022

Note 1. General

The accompanying Schedule of Expenditures of Federal and State Awards presents the activity of all applicable federal and state awards of the City of City of Denton, Texas (the City). The City's reporting entity is defined in Note 1 to the financial statements. Federal and state awards received directly from federal and state agencies as well as federal awards passed through other government agencies are included on the schedule. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and the State of Texas *Uniform Grant Management Standards* (UGMS). Because the Schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position of the City.

Note 2. Basis of Accounting

The accompanying Schedule of Expenditures of Federal and State Awards is presented using the modified accrual basis of accounting. The modified accrual basis of accounting is described in Note 1 to the City's basic financial statements.

Note 3. Relationship to Federal and State Financial Reports

Amounts reported in the accompanying schedule may not agree with amounts reported in the related federal and state financial reports with grantor agencies because of accruals which would be included in the next report filed with the agencies.

Note 4. Indirect Costs

The City has elected not to use the 10% de minimis indirect cost rate allowed under Uniform Guidance.

City of Denton, Texas

Schedule of Findings and Questioned Costs
For the Year Ended September 30, 2022

Section I - Summary of Auditor's Results

Basic Financial Statements:

An unmodified opinion was issued on the financial statements.

Internal control over financial reporting:

- Material weakness(es) identified? __X__Yes ____No
- Significant deficiency(ies) identified that is (are) not considered to be material weakness(es)? ____Yes __X__None reported

Noncompliance which is material to the basic financial statements noted? ____Yes __X__No

Federal and State Awards:

Internal control over major programs:

- Material weakness(es) identified? ____Yes __X__No
- Significant deficiency(ies) identified that is (are) not considered to be material weakness(es)? ____Yes __X__None reported

An unmodified opinion was issued on compliance for each major program.

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a) or State of Texas *Uniform Grant Management Standards*? ____Yes __X__No

Identification of major programs:

Assistance Listing Number/Grant Identification Number	Name of Federal and State Program or Cluster
Major Federal Programs:	
20.205	Highway Planning & Construction Cluster
21.027	Coronavirus State & Local Fiscal Recovery Funds Program - ARPA
Major State Program:	Regional Toll Revenue (RTR) Transportation Projects
Dollar threshold used to distinguish Between type A and type B programs:	$750,000 for federal programs $300,000 for state programs

Auditee qualified as low-risk for federal and state single audit? __X__Yes ____ No

City of Denton, Texas

Schedule of Findings and Questioned Costs – Continued
For the Year Ended September 30, 2022

Section II - Financial Statement Findings

2022-001 Closing Procedures and Restatement

Type of finding: Material Weakness

Criteria

The City maintains accounting policies and procedures to ensure proper internal control activities are in place to ensure the City's financial statements are presented consistent with the requirements of accounting principles generally accepted in the United States of America (U.S. GAAP).

Condition

The City's accounting policies and procedures did not fully address closing procedures as it relates to reconciling unearned revenue and recognizing revenue at year end for an advanced funding agreement.

Cause

As a result of the City's accounting policies and procedures not fully addressing the year end closing procedures for unearned revenue, a material error was discovered by the City during the year-end close which resulted in the City restating their opening fund balance and net position.

Effect

The City recorded an adjustment to reduce unearned revenue and increase beginning fund balance and net position.

Recommendation

We suggest that the City evaluate their year end close procedures as it relates to advance funding agreements.

City of Denton, Texas

Schedule of Findings and Questioned Costs – Continued
For the Year Ended September 30, 2022

Section III - Federal and State Awards Findings and Questioned Costs

None

Section IV – Schedule of Prior Year Findings and Questioned Costs

None

CORRECTIVE ACTION PLAN
Prepared by the City

2022-001 Closing Procedures and Restatement

Views of Responsible Officials

The City agrees with the findings and recommendations as they relate to the year end reconciliation of the advance funded grant program.

Corrective Action Plan

The City has created a Standard Operating Procedure to formalize the Finance Department's process for monthly reporting and reconciliation. New accounts were created in the chart of accounts to assist City staff with the reconciliation process.

Implementation Date

The implementation of the Standard Operating Procedure began immediately, once the error was detected and corrected by management.

Individual(s) Responsible

City Controller